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NEW APPLICATION

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AZ CORP COMMISSION
DOCUMENT CONTROL

April 5, 2002

VIA OVERNIGHT DELIVERY

T-02584A-02-0268

CC&N
Arizona Corporation Commission
Docket Control
1200 W. Washington Street
Phoenix, AZ 85007-2927

Re: Application for a certificate of local authority to operate as a facilities based carrier of telecommunications services throughout the State of Arizona

Dear Sir or Madam:

Please find enclosed an original and ten (10) copies of Excel Telecommunications, Inc.'s Application for a certificate of local authority to operate as a facilities based carrier of telecommunications services throughout the State of Arizona.

Please date stamp and return the enclosed extra copy of this cover letter in the self-addressed, stamped envelope provided. Should you or anyone at the Arizona Corporation Commission have any questions regarding these materials, please do not hesitate to contact me at (214) 424-6679 or Robbin Johnson at (214) 863-8038.

Sincerely,

Dana Hoyle
Regulatory Affairs

Enclosure

Excel Communications, Inc.

Office of the General Counsel

8750 N. Central Expressway • Suite 2000 • Dallas, TX 75231-6436 • 214.863.8213 • Fax 214.863.8215

www.excel.com

ARIZONA CORPORATION COMMISSION

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

Mail original plus 10 copies of completed application to: For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: Interexchange Reseller

Docket No.: U-2584-91-016 Date: January 18, 1991 Date Docketed: January 18, 1991

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- ☐ Resold Long Distance Telecommunications Services (Answer Sections A, B, C).
☐ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
☐ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
☒ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, D, E)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Excel Telecommunications, Inc.
8750 North Central Expressway, Suite 2000
Dallas, TX 75231
Telephone: (214) 863-8700
Facsimile: (214) 863-8721

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

Not Applicable

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Robbin Johnson

Assistant General Counsel

Excel Telecommunications, Inc.

8750 North Central Expressway, Suite 2000

Dallas, TX 75231

Telephone: (214) 863-8700

Facsimile: (214) 863-8721

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Dana Hoyle

Regulatory Affairs

Excel Telecommunications, Inc.

8750 North Central Expressway, Suite 2000

Dallas, TX 75231

Telephone: (214) 424-6679

Facsimile: (214) 424-1510

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Joel Ballew, Director, Regulatory Affairs

Excel Telecommunications, Inc.

8750 North Central Expressway, Suite 2000

Dallas, TX 75231

Telephone: (214) 863-8700

Facsimile: (214) 863-8721

(A-7) What type of legal entity is the Applicant?

☐

Sole proprietorship

☐

Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign

☐ Limited Liability Company: _____ Arizona, _____ Foreign
☒ Corporation: ☒ "S", _____ "C", _____ Non-profit, _____ Arizona, _____ Foreign

☐ Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership.

Excel Telecommunications, Inc. is a wholly owned subsidiary of Excel Communications, Inc.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number). **64-68**
2. Tariff Maximum Rate and Prices to be Charged (reference by Tariff page number). **64-68**
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number). **23-48**
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number). **28-30**
5. The proposed fee that will be charged for returned checks (reference by Tariff page number). **34**

(A-10) Indicate the geographic market to be serve

- ☒ Statewide. (Applicant adopts statewide map of Arizona provided with this application).
☐ Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant has been or if the Applicant is currently involved in any formal or informal complaint proceedings pending before any State or federal Regulatory Commission:

☒ Yes ☐ No

If "Yes", please provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

Please see **Attachment E**.

(A-12) Indicate if the Applicant has been or is currently involved in any civil or criminal investigations AND/OR had judgment entered against it in any civil matter or been convicted of any criminal acts related to the delivery of telecommunications services within the last five (5) years:

☒ Yes

No

If "Yes", please provide the following information.

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

Please see *Attachment F*.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☒ Yes

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

☐ For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☒ Yes

No

If "No", continue to question (A-15).

☐ For Local Exchange Resellers, a \$25,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☒ For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☒ Yes

No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior

financial position limits any risk to Arizona consumers.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the services will be provided.

Prior to issuance of the CC&N, the Applicant must complete and submit an Affidavit of Publication Form. Refer to Attachment C - Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication).

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

☒ Yes

☐ No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

Excel plans to provide its service through unbundled network elements ("UNEs"), specifically the unbundled network elements platform ("UNE-P") purchased from the incumbent local exchange provider, either Verizon or Qwest. The Company may eventually collocate its equipment in central offices and/or carrier hotels insofar as feasible within the changing telecommunications market.¹

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

A list of places where the Applicant is currently certified is attached as *Exhibit G*.

Excel has only had one application to provide local exchange service rejected; however, the Company was able to resolve all issues and subsequently was granted local exchange authority. In August of 1997, the Texas Public Utility Commission ("TXPUC") denied Excel's application to provide resold local exchange services, based in part upon concerns generated by a single complaint, which was raised at the open meeting of the TXPUC to discuss Excel's local application. This complaint later proved to be false. Nevertheless, the TXPUC directed Excel to show improvement in overall complaint levels. When Excel returned to the TXPUC for certification some months later, the Company was recognized for setting new industry customer safeguard standards with its processes and procedures. The Company has since "upgraded" its resold local certification in Texas to include facilities-based services and has remained in good standing before the TXPUC.

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

¹ At some future date, should the telecommunications market and related business considerations dictate, the Company may expand further into facilities-based services via strategic deployment of its own equipment; however, at present, Excel intends to concentrate upon provision of service through UNE combinations.

The Company is not currently operating as a local exchange carrier in the jurisdictions listed in *Exhibit F*, but intends to in the near future. However, the Company is operating as an interexchange carrier in all 50 states.

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

X Yes

☐

No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

The Company may rely on its Parent company, Excel Communications, Inc. for financial support from time to time.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

See Attachment D.

C. RESOLD LONG DISTANCE AND/OR LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation

☐ Yes ☒ No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐ Yes ☒ No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

Applicant expects to begin selling facilities-based local exchange services in the First Quarter of 2003.

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☒ Decision # 64178 Resold Long Distance
☐ Decision # 64178 Resold LEC
☐ Decision # 64178 Facilities Based Long Distance
☒ Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59241:

☒ Yes ☐ No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☒ Yes ☐ No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☒ Yes ☐ No

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

☐ Decision # 64178 Resold Long Distance

☐ Decision # 64178 Resold LEC

☐ Decision # 64178 Facilities Based Long Distance

☒ Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

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☒ Yes ☐ No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☒ Yes ☐ No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

James G. Timmer
(Signature of Authorized Representative)

4/5/02
(Date)

James G. Timmer

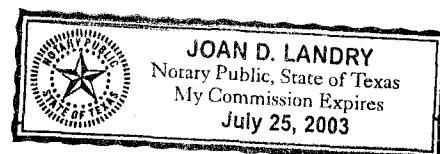
(Print Name of Authorized Representative)

Executive Vice President, Chief Financial Officer
(Title)

SUBSCRIBED AND SWORN to before me this 5th day of April, 2002

Joan D. Landry
NOTARY PUBLIC

My Commission Expires 7-25-03



ATTACHMENT A

CORPORATE INFORMATION

| | |
|-----------------------------|---|
| Christina A. Gold | Chairman, President and CEO |
| Huntley W. Bakich | Senior Vice President, eBusiness |
| Mike Roudi | Senior Vice President — North American Product Marketing |
| William G. Smit | Senior Vice President, Network |
| Laura Collins | Senior Vice President of US Sales and North American Representative Services |
| James R. McFelea | Senior Vice President, Customer Service |
| James G. Timmer | Executive Vice President and Chief Financial Officer |
| Christopher P. Kelly | General Counsel |
| Michael T. Boychuk, | Executive Vice President and Chief Financial Officer [BCE] |
| David G. Masse | Assistant Corporate Secretary [BCE] |

Directors:

Christina A. Gold
William G. Smit
James G. Timmer

Through a series of intervening companies, Excel is an indirect wholly owned subsidiary of Bell Canada Enterprises ("BCE"). BCE, at the time of this filing, has negotiated to transfer control of the North American Excel companies to Var Tec Telecom, Inc. ("Var Tec"). The AZ Corporation Commission approved this transaction in Docket Numbers, T-03401A-01-09-52; T-02584A-01-09-52; and T-03188A-01-09-52. All state and federal approvals have been obtained and the closing of the transaction is imminent. The Company will expeditiously file supplemental information to reflect the transaction's closing.

All of the individuals referenced above may be reached at the following address:

EXCEL TELECOMMUNICATIONS, INC.
8750 North Central Expressway, Suite 2000
Dallas, TX 75231
Telephone: (214) 863-8700
Facsimile: (214) 863-8721

Facsimile: (214) 863-8721

ATTACHMENT B

INITIAL TARIFF

**REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES
APPLYING TO END-USER LOCAL EXCHANGE
COMMUNICATIONS SERVICES WITHIN
THE STATE OF ARIZONA**

Issued: April 8, 2002

**Jerry G. Kirby, Sr. Tariff Manager
Excel Telecommunications, Inc.
8750 North Central Expressway, Suite 2000**

Effective:

CHECK SHEET

The Title Page and pages listed below of this tariff are effective as of the date shown. Revised sheets contain all changes from the original tariff that are in effect as of the date indicated.

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CHECK SHEET (Continued)

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EXPLANATION OF SYMBOLS

- (C) Indicates a Change in Regulations
- (D) Indicates a Discontinued Rate or Regulation
- (E) Indicates a Correction of an Error Made During a Revision
- (I) Indicates a Rate Increase
- (M) Indicates a Move of Text but no Change in Text, Rate or Regulation
- (N) Indicates a New Rate or Regulation
- (R) Indicates a Rate Reduction
- (T) Indicates a Change in Text but no Change in Rate or Regulation

SECTION 1 - DEFINITIONS

The definitions specified herein apply to the intrastate local exchange services and facilities furnished by Excel Telecommunications, Inc. (hereinafter also referred to as "the Company") in the State of Arizona.

ACCESS LINE

A central office line which provides access to the telephone network for local and long distance telephone services.

AIR LINE MEASUREMENT

The shortest distance between two points.

ANCILLARY DEVICES

All terminal equipment except telephone instruments, PBX-PABX systems, key systems and data services.

ANSWERING EQUIPMENT

Equipment that will automatically answer incoming calls and make an announcement. It may also be equipped to record messages.

APPLICANT

Any person, partnership, cooperative corporation, corporation, or any combination thereof requesting affirmative service or action from the Company.

AUTHORIZED USER

A person, firm or corporation (other than the customer) who has been authorized by the Company to communicate over a private line or channel according to the terms of the tariff and (1) on whose premises a station of the private line service is located or (2) who receives from or sends to the customer over such private line or channel communications relating solely to the business of the customer.

SECTION 1 - DEFINITIONS - (Continued)

BUILDING

A structure under one roof, or two or more structures under separate roofs but connected by passageways, in which the wires or cables of the Company can be safely run provided the plant facility requirements are not appreciably greater than would normally be required if all structures were under one roof. In those cases where there are several structures under separate roofs but connected by passageways and the plant facility requirements for furnishing telephone service are appreciably greater than would normally be required if all the structures were under one roof, the term "Same Building" applies individually to each of the separate structures.

BUSINESS SERVICE

Telecommunications service furnished to customers where the primary or obvious use is of a business, professional or occupational nature.

CALL

An attempted communication, whether completed or not.

CALLING AREA

See Local Service Area.

CANCELLATION CHARGES

A charge applicable under certain conditions when application for service and/or facilities is canceled in whole or in part prior to the completion of the work involved or before contract period is completed.

CENTRAL OFFICE

A switching unit in a telecommunications system which provides service to the general public, having the necessary equipment and operating arrangements for the terminating and interconnecting of exchange lines and trunks or trunks only. There may be more than one central office in a building or exchange.

SECTION 1 - DEFINITIONS - (Continued)

COMPANY

Excel Telecommunications, Inc.

COMMISSION

Arizona Corporation Commission

CUSTOMER TROUBLE REPORT

Any oral or written report from a customer or user of telecommunications service received by the Company relating to a physical defect or to difficulty or dissatisfaction with the service provided by the Company's facilities.

DELINQUENT BILLS

Outstanding account balances which are not paid by the due date.

DEMARICATION POINT

The point of interconnection between the Company's communications facilities and the terminal equipment, protective apparatus or wiring at a subscriber's premises. The Demarcation Point is located on the customer's side of the Company's protector or equivalent, where a protector is not used, and consists of a modular jack or equivalent.

DIRECT CONNECTION

Connection of terminal equipment to the Company's exchange facilities by means other than acoustic and/or inductive coupling.

DIRECTORY

A book or other tangible medium, which alphabetically lists each telephone customer with his/her address and telephone number.

SECTION 1 - DEFINITIONS - (Continued)

DIRECTORY ASSISTANCE SERVICE

A service provided to assist customers in obtaining telephone numbers which are or are not listed in a directory.

DIRECTORY ASSISTANCE CALL COMPLETION

A service provided that gives customers the option of having their local or intraLATA calls automatically completed when they request a telephone listing from the Directory Assistance (DA) operator.

DIRECTORY LISTING

The publication of a Company directory and/or directory assistance records, of information relative to a customer's telephone number, by which telephone users are able to ascertain the call number of a desired station.

DISCONNECT NOTICE

The written notice sent to a customer following billing, notifying the customer that service will be disconnected if charges are not satisfied by the date specified on the notice.

DISCONNECTION OF SERVICE

An arrangement made at the request of a customer or initiated by the Company for violation of tariff regulations by the customer, for a permanent interruption of telephone service. A "final" bill would be rendered showing monies owed to the Company as of the date the service was disconnected.

ENTRANCE FACILITIES

Facilities extending from the point entrance on private property to the premises on which service is furnished.

SECTION 1 - DEFINITIONS - (Continued)

EXCHANGE

A unit established by the Company for the administration of telecommunications service in a specified area for which a separate local rate schedule is provided. The area usually embraces a city, town, or village and its environs. It consists of one or more central offices, together with associated plant facilities used in furnishing telecommunications services in that area.

EXCHANGE AREA

The area within which the Company furnishes complete telephone service from one specific exchange at the exchange rates applicable within that area.

EXCHANGE LINE

Any circuit connecting an exchange access line with a central office.

EXCHANGE SERVICE

Exchange service is a general term describing as a whole, the facilities for local intercommunications, together with the capability to send and receive a specified or an unlimited number of local messages at charges in accordance with the provisions of this Tariff.

- (a) Flat Rate Service: A classification of exchange service furnished a customer under tariff provisions, for which a stipulated charge is made, regardless of the amount of use.
- (b) Individual Line Service: A classification of exchange service which provides that only one exchange access line shall be served by the circuit connected.

SECTION 1 - DEFINITIONS - (Continued)

EXCHANGE SERVICE AREA

The area within which the Company furnishes complete local telephone service at the applicable exchange rates for that area.

EXTENDED AREA SERVICE

A type of telephone service furnished under tariff provisions whereby customers of a given exchange may complete calls to and/or may receive calls from one or more exchanges without the application of long distance message telecommunications charges.

FACILITIES

All the plant and equipment of the Company and all instrumentalities owned, licensed, used, controlled, furnished, or supplied for or by the Company, including any construction work in progress allowed by the Commission.

FAMILY

A group of two or more persons related by blood, marriage or adoption and residing together. A primary family consists of the head of a household and all (one or more) other persons in the household related to the head of household. A secondary family comprises two or more persons such as guests, lodgers, or resident employees and their relatives, living in a household or quasi-household (other than the negligible number or such groups among inmates or institutions) and related to each other.

FLAT-RATE SERVICE

A classification of exchange service furnished a customer under tariff provisions for which a stipulated charge is made regardless of the amount of use.

FOREIGN EXCHANGE SERVICE

Exchange Service furnished under tariff provisions by means of a circuit connecting a customer's premises with a central office of an exchange other than that which regularly serves the exchange area in which the customer is located.

SECTION 1 - DEFINITIONS - (Continued)

GENERAL EXCHANGE SERVICES

Services furnished by the Company connected to or associated with primary Local Exchange Service.

HARM

Electrical hazards to Company personnel, damage to Company equipment, malfunctions of Company billing equipment, and degradation of service to persons other than the user as well as the calling or called party.

HOUSEHOLD

A Household comprises all persons who occupy a dwelling unit, that is, a house, an apartment or other group of rooms or a room that constitutes separate living quarters. A Household includes the related persons (the head of the household and others in the dwelling unit who are related to the head of household) and also the lodgers and employees, if any, who regularly live in the house. A person living alone or a group of unrelated persons sharing the same dwelling unit as partners is counted as a Household.

ILEC

Incumbent Local Exchange Carrier.

INDIVIDUAL LINE SERVICE

A classification of exchange service furnished under tariff provisions which provides that only one exchange access line shall be served by the circuit connected.

INITIAL NONRECURRING CHARGE

A nonrecurring charge made for the furnishing of telephone services, which may apply in addition to service connection charges.

INITIAL SERVICE PERIOD

The minimum period of time for which service is provided.

SECTION 1 - DEFINITIONS - (Continued)

INSTALLATION CHARGE

A nonrecurring charge associated with optional service features and may sometimes be called an "initial" charge, and may apply in addition to Service Connection Charges.

INTERCEPT SERVICE

A service arrangement provided by the Company whereby calls placed to a disconnected or discontinued telephone number are intercepted and the calling party is informed by an operator or by a recording that the called telephone number has been disconnected, discontinued, changed to another number, or that calls are received by another telephone.

INTERFACE

- (a) The junction or point of interconnection between two systems or equipment having different characteristics which may differ with respect to voltage, frequency, speed of operation, type of signal and/or type of information coding including the connection of other Company-provided facilities to exchange facilities provided by the Company.
- (b) The point of interconnection between Company equipment and communications facilities on the premises of the Customer. Also referred to as Demarcation Point.

INTERFACE EQUIPMENT

Equipment provided by the Company at the interface location to accomplish the direct connection of facilities provided by the Company with facilities provided by other than the Company.

INTRALATA

Long Distance Message Telecommunications Service where service point locations are within the same Local Access and Transport Area (LATA).

SECTION 1 - DEFINITIONS - (Continued)

LOCAL ACCESS AND TRANSPORT AREA (LATA)

Denotes a geographic area established for the administration of telecommunications service. It encompasses designated local operating telephone company exchanges which are grouped to serve common, social, economic and miscellaneous purposes.

LOCAL CALLING AREA

See Local Service Area.

LOCAL CHANNEL

Applies to that portion of a channel which connects a station to the interexchange channel or to a channel connecting two or more exchange access lines within an exchange area.

LOCAL EXCHANGE SERVICE

Provides for telephone communication within the local service area in accordance with the provisions of this Tariff, including the use of exchange facilities required to establish connection between exchange access lines.

LOCAL MESSAGE

A communication between two access lines within the local service area of the calling telephone.

LOCAL MESSAGE CHARGE

The charge that applies for a completed message that is made when the calling access line and the called access line are both within the same local calling area where a local message charge is applicable.

LOCAL SERVICE

The intercommunication (by means of facilities connected with an applicable central office or offices and under the provisions of the Company and its tariff) between access lines located in the same exchange or in different exchanges between which no long distance (toll) rates or charges apply.

SECTION 1 - DEFINITIONS - (Continued)

LOCAL SERVICE AREA (LOCAL CALLING AREA)

The area within which telephone service is furnished to customers under a specific schedule of exchange rates (flat or measured) and without toll charges. A local service area may include one or more exchange areas under extended area service arrangement.

LOCAL SERVICE CHARGE

The charge for furnishing facilities to enable a customer to send or receive telecommunications within the local service area. This local service calling area may include one or more exchange areas.

MAINTENANCE SERVICE CHARGE

A charge made by the Company when a service difficulty or trouble report results from customer-provided equipment or facilities.

MESSAGE

A communication between two exchange access lines. Messages may be classified as local or toll.

MILEAGE

The measurement (airline, route, etc.,) upon which a charge for the use of part or all of a circuit furnished by the Company is based.

MINIMUM CONTRACT PERIOD

The minimum length of time for which a customer is obligated to pay for service, facilities and equipment, whether or not retained by the customer for such minimum length of time.

SECTION 1 - DEFINITIONS - (Continued)

NETWORK CONTROL SIGNALING

The transmission of signals used in telecommunications systems which perform functions such as supervision (control, status, and charging signals), address signaling (e.g., dialing), calling and called number identification and audible tone signals (call progress signals indicating reorder or busy conditions, alerting coin denominations, coin collect and coin return tones) to control the operation of switching machines in a telecommunications system.

NETWORK CONTROL SIGNALING UNIT

The terminal equipment furnished, installed and maintained by the Company for the provisions of network control signaling.

NETWORK INTERFACE

See Interface.

NON-LISTED TELEPHONE NUMBER

A telephone number associated with an exchange line which, at the request of the customer, is not listed in a telephone directory but may be obtained from the Directory Assistance Operator.

NON-PUBLISHED TELEPHONE NUMBER

A telephone number associated with an exchange access line which, at the request of the customer, is not listed in a telephone directory and is not made available to the general public by the Company.

NONRECURRING CHARGE

A one-time charge associated with certain installations, changes or transfers of services, either in lieu of or in addition to recurring monthly charges.

SECTION 1 - DEFINITIONS - (Continued)

ONE-PARTY SERVICE

Any exchange access line designed for the provision of exchange service to one premises.

OTHER COMMON CARRIER (OCC)

Denotes Specialized Common Carriers, Domestic and International Record Carriers and Domestic Satellite Carriers engaged in providing services authorized by the Federal Communications Commission.

OTHER COMMON CARRIER TERMINAL LOCATION

A discrete operational and equipment location of the OCC from which the OCC furnishes and administers common carrier communications services to its patrons.

PERMANENT DISCONNECT

A discontinuance of service in which the facilities used in the service are immediately made available for use of another service.

PERSON

Includes individuals, partnerships, corporations, governmental bodies, associations and any other such entity.

PREMISES

Building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public highway.

SECTION 1 - DEFINITIONS - (Continued)

PREMISES WIRING

All wire within a customer's premises, including connectors, jacks and miscellaneous materials associated with the wire's installation. Premises inside wire is located on the customer's side of the Company's premises protector. By definition, Customer Premises Inside Wire excludes riser, buried and aerial cable.

PREASSIGNED NUMBER

A telephone number preassigned before service is actually established.

PRESUBSCRIPTION

Presubscription is the process by which end user customers may select and designate to the Company an Interexchange Carrier (IXC) to access, without an access code, for interLATA/interstate or interLATA/intrastate calls. This IXC is referred to as the end user's predesignated IXC.

PREWIRING

Any inside wiring done at the location of a residence or business prior to the initial installation of telephone service.

PRIMARY TERMINATION

Applied to channels which extend beyond the continuous property of a customer or the confines of a single building housing the premises of more than one customer. Also, denotes the first termination of such a channel at a station or PBX on the continuous property of a customer. When more than one customer's premises is located within the same building, the first termination of such a channel at that building constitutes a "Primary Termination." For purpose of this definition, the location of a "Primary Termination" for channel services associated with "Switching System Services" is considered to be at the "Switching System Services" serving central office. When the "Switching System Services" serving central office is not in the same exchange as the main location, the "Mileage Service Area" center for the main location will be used in lieu of the "Switching System Services" serving central office.

SECTION 1 - DEFINITIONS - (Continued)

PUBLISHED TELEPHONE NUMBER

A number which appears in a current telephone directory, or is scheduled to appear in a forthcoming telephone directory, and which also appears in the information records for general public information.

RATE CENTER

A specified geographical location within an exchange area from which mileage measurements are determined for the application of rates between exchange areas.

REFERENCE LISTING

The listing of a generally accepted name of a firm or corporation followed by a reference to another listing.

RESIDENCE EXCHANGE ACCESS LINE

An exchange access line used to provide exchange telephone service to a residence customer.

RESIDENTIAL SERVICE

Telecommunications service furnished to customers when the actual or obvious use is for domestic purposes.

SECTION 1 - DEFINITIONS - (Continued)

ROTARY LINE SERVICE

A central office service arrangement whereby a called busy line in a specified line group will automatically advance until an idle line or trunk is found.

SERVICE CALL

A visit to a customer's premises in connection with a service difficulty. See also Maintenance Service Charge.

SERVICE CHARGES

A nonrecurring charge applying to the provisions of telephone service.

SUBSCRIBER

Any person, firm, partnership, corporation, municipality, cooperative organization or governmental agency furnished communication service by the Company under the provisions and regulations of this tariff and responsible for the payment of charges and compliance with the rules and regulations of the Company.

SUPPLEMENTAL CONTRACT

A contract for service, equipment or facilities in addition to that provided for under the original contract.

SUSPENSION OF SERVICE

An arrangement made at the request of the customer or initiated by the Company, for temporarily interrupting service.

SECTION 1 - DEFINITIONS - (Continued)

TARIFF

The schedule of the Company containing all rates, and charges stated separately by type or kind of service and the customer class, and the rules and regulations of the Company stated separately by type or kind of service and the customer class as filed with the Commission.

TELECOMMUNICATIONS SERVICES

The various services offered by the Company as specified in this tariff.

TELEPHONE NUMBER

A numerical designation assigned to a customer for convenience in operation and identification. The telephone numbers include the number prefix of a central office, which is termed "Central Office Designation".

TELEPHONE OR TELECOMMUNICATIONS NETWORK

The local telephone exchange and long distance message telecommunications facilities, or network; both interstate and intrastate.

TEMPORARY DISCONNECTION

See Suspension of Service.

TEMPORARY SERVICE

The provision of service definitely known to be required for a short period of time (generally less than twelve consecutive months) such as service furnished to building contractors, service to a convention, and service for seasonal business including resorts.

SECTION 1 - DEFINITIONS - (Continued)

TERMINATION AGREEMENT

An agreement between the Company and the customer to provide or furnish certain lines or equipment representing a comparatively high investment or in lieu of a contribution to construction for temporary service whereby the customer agrees to compensate the Company in case the service is discontinued prior to the date specified in the agreement.

TERMINATION CHARGE

A charge made to liquidate a customer's obligation for termination of service prior to the expiration of the initial contract period.

TERMINATION OF SERVICE

The discontinuance of service or facilities provided by the Company, either at the request of the customer or by the Company, under its regulations concerning cancellation for cause.

TONE DIALING SERVICE

A classification of exchange service whereby calls are originated through the use of tone dial instruments in lieu of a rotary dial instrument.

TRUNK

A telephone communication path connecting a central office and customer premises equipment, used in the establishment of end-to-end service.

UNBUNDLED NETWORK ELEMENT

Physical and functional elements of the network that can be combined into a complete set in order to provide end-to-end circuits.

SECTION 2 - RULES AND REGULATIONS

2.1 APPLICATION OF TARIFF

The rules and regulations contained in this Section apply to the services and facilities provided by the Company in the State of Arizona. When services and facilities are provided in part by the Company and in part by other connecting companies, the regulations of the Company apply to the portion of the services or facilities furnished by the Company. Failure on the part of the customer to observe these rules and regulations after due notice of such failure, automatically gives the Company the right to discontinue service to that customer.

- a. In the event of a conflict between any rate, rule, regulation or provision contained in this tariff and any rate, rule, regulation or provision contained in the tariffs of Companies in which the Company concurs, the rate, rule, regulation or provision contained in this tariff shall prevail.
- b. Should there be any conflict between this tariff and the Rules and Regulations of the Commission, the Commission's rules shall apply unless otherwise established by the courts.

2.2 AVAILABILITY OF FACILITIES

2.2.1 General

The Company's obligation to furnish, or continue to furnish, telecommunications service is dependent upon its ability to obtain, retain, and maintain, without unreasonable expense, suitable rights-of-way and facilities, and to provide for the installation of those facilities required to furnish and maintain that service.

Local Exchange Service is provided in the Local Service Areas as specified below:

2.2.2 Local Calling Scopes and Availability

The Company concurs with the Qwest's; the Incumbent Local Exchange Carrier, tariff for the provision of local exchange service in the State of Arizona. Exchange Areas for all Customers whose premises are located in the Qwest territory will be the same as the Qwest service areas except where noted by service or rate element.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.2 AVAILABILITY OF FACILITIES (Continued)

2.2.3 Maps

The Company concurs with Qwest's local exchange maps reflecting base rate areas, exchange area, and zone area boundaries which are part of their local exchange tariff(s).

2.3 CUSTOMER SERVICE AND PROTECTION

This part of the Rules and Regulations Section of the tariff provides information to telephone consumers about: resolving disputes with the Company, applying for service, the classification of business and residential rates, deposits, billing, refusal of service, disconnection of service and cancellation of service. The Company relies on principles established by the Commission..

2.3.1 Resolution of Disputes

Any customer or applicant for service who wishes to dispute any action or determination of the Company under the Company's customer service rules shall be given an opportunity for a supervisory review by the Company.

2.3.2 Application for Service

Application for service, or requests from customers for additional service or changes in the grade or class of service, become contracts when received by the Company and are subject to the minimum contract term of one month unless specified otherwise. The Company reserves the right to require application for service to be made in writing on forms supplied by it.

Any general change in rates, rules or regulations modifies the terms of the contract to the extent of such change without further notice. However, if rates are increased, the customer may cancel his contract upon reasonable written notice and upon payment for all service and any contractual liability.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.3 Refusal of Service

The Company may refuse service to a customer or applicant whose service has been discontinued for non-payment of bills for any telecommunications service. The customer or applicant will be required to pay all bills due the Company for telecommunications service or make other arrangements satisfactory to the Company to re-establish credit before service is restored or service started.

If service is established and it is subsequently determined that the customer or applicant is indebted to the Company for service previously furnished, the Company may suspend or terminate such service until satisfactory arrangements have been made for the payment of prior indebtedness.

2.3.4 Application Of Business Or Residence Rates

2.3.4.1. Business rates apply at the following locations:

- a. in offices, stores, factories, and all other places of a strictly business nature;
- b. in boarding houses (except as noted below), offices of hotels, halls and offices of apartment buildings, quarters occupied by clubs, or lodges, public, private or parochial schools, colleges, hospitals, libraries, churches, and other similar institutions, except in churches and lodges as specified below;
- c. at residence locations when the customer has no regular business telephone, and the use of the service either by himself, members of his household or his guests, or parties calling him can be considered as more of a business than a residential nature. This fact might be indicated by some form of Customer advertising, or when such business use is not typically characteristic of residential telephone usage;
- d. at residential locations where the service is located in a shop, office or other place of business;

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.4 Application Of Business Or Residence Rates (Continued)

2.3.4.1. Business rates apply at the following locations: (Continued)

- e. in college fraternity houses where the members lodge within the house;
and/or
- f. at any location where the location and expected usage of telephone
service at that location are indicative of a business, trade or profession.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.4 Application of Business or Residence Rates - (Continued)

2.3.4.2 Residence rates apply at the following locations:

- a. in a private residence where business listings are not provided;
- b. in private apartments of hotels, rooming houses or boarding houses where service is confined to the customer's use and which are not advertised as a place of business;
- c. in the place of residence of a clergyman, physician, nurse or other medical practitioner, provided the office is located in their residence and is not a part of an office building. In any such cases, the listing may indicate the customer's profession, but only in connection with an individual name. If listings of firms or partnerships, etc., or additional listings of persons not residing in the same household are desired, business rates apply;
- d. in a private stable or garage when strictly a part of a domestic establishment;
- e. in churches where the service is not accessible for public use as in a clergyman's study; and/or
- f. in fire department dormitories or sleeping quarters where the telephone number is not published, and the telephone is not available for use by the general public.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.5 Deposits

2.3.5.1 Requirements for Permanent Residential Applicants

- a. The Company may require a residential applicant for service to establish satisfactory credit, but establishment of credit shall not relieve the customer from complying with rules for prompt payment of bills. Credit history shall be applied equally for a reasonable period of time to a spouse or former spouse who shared the service. Credit history maintained by one must be applied equally to the other without modification and without additional qualifications not required of the other.
- b. Subject to the following condition, a residential applicant may not be required to pay a deposit:
 - (i) if the residential applicant has been a customer of any telephone company within the last two years and is not delinquent in payment of any such telephone service account and during the last twelve (12) consecutive months of service did not have more than one occasion in which a bill for such service was paid after becoming delinquent and never had service disconnected for nonpayment;
- c. The Company may require an initial deposit from residential customers if:
 - (i) the customer has on more than one occasion during the last twelve (12) consecutive months of service been delinquent in paying a bill for telephone service; or
 - (ii) the customer's service was disconnected for nonpayment.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.5 Deposits - (Continued)

2.3.5.2 Requirements for Business Service Customers

If the credit of a business applicant for service has not been satisfactorily established to the Company, the applicant may be required to make a deposit.

2.3.5.3 Establishment and Reestablishment of Credit

An applicant who had previously been a customer of the Company and whose service had been discontinued for nonpayment of bills shall be required, before service is rendered, to pay all amounts due the Company, or execute a deferred payment agreement, if offered, to reestablish credit.

The Company may conduct a credit investigation of each customer or applicant prior to accepting a service order, or customer deposit. A customer whose service has been discontinued by the Company for non-payment of bills for any telecommunications service will be required to pay all bills due the Company for telecommunications services or make other arrangements satisfactory to the Company and to re-establish credit before service is restored or any service started.

2.3.5.4. Amount of Deposit for Permanent Residential and Business Service

- a. Initial Deposit - The initial deposit is an amount equivalent to one-sixth (1/6) of the estimated annual billings including the charges of interexchange carriers where the Company provides billing for the interexchange carrier.
- b. Additional Deposit Requirements - The Company reserves the right to request additional deposit if needed.
- c. In determining the amount of any deposit permitted in this tariff, no revenue from estimated telephone directory advertising will be used.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.5 Deposits - (Continued)

2.3.5.5 Refund of Deposit

- a. If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the customer's deposit on the balance, if any, in excess of the unpaid bills for service furnished. A transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless in accordance with these rules.
- b. When the customer has paid bills for service for twelve (12) consecutive residential billings or for twenty-four (24) consecutive business billings without having service disconnected for nonpayment and without having more than two occasions on which a bill was delinquent, and when the customer is not delinquent in the payment of current bills, the Company may refund the deposit, including 3 percent(3%) interest, to the customer in the form of cash or credit to a customer's bill or void the guarantee.. If the customer does not meet these refund criteria, the deposit may be retained.

2.3.5.6 Deposit Not to Affect Regular Collection Practices

The fact that a deposit has been made shall in no way relieve the applicant or subscriber from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation, nor constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for nonpayment of any sum due the Company for services rendered. The Company may discontinue service to any subscriber failing to pay current bills without regard to the fact that such subscriber has made a deposit with the Company (to secure the payment of such bills).

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.6 Billing and Payment For Service

2.3.6.1 General

The customer is responsible for payment of all charges for services furnished, including charges for service originated or accepted at the customer's access line.

2.3.6.2 Disputed Bills

In the event of a dispute between a customer and the Company over any bill for utility service, the Company shall make an appropriate investigation and report the results to the customer.

- a. The customer shall pay all charges for monthly service in advance. Payment is due on or before the due date which is not less than fifteen (15) days after issuance of the bill. The postmark, if any, on the envelope of the bill, or the issuance date on the bill, if there is no postmark on the envelope, shall constitute proof of the date of issuance. If the bill is not paid by the due date, the Company will notify the customer in writing that the account is delinquent. The Company may discontinue service not less than ten (10) days after written notice has been sent to the customer.
- b. A one-time penalty not to exceed 1.5% may be made on delinquent commercial or industrial bills; however, no such penalty shall apply to residential bills under this section. Residential customers are assessed a late payment charge as set forth in Section 2.3.10.
- c. Any applicant or one for whom an application is made, owing the Company for service furnished under a former contract, shall pay or make satisfactory arrangements for paying any bill outstanding and unpaid before any additional service will be furnished.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.6.3 Adjustments of Charges for Service Interruptions

In the event a customer's service is interrupted other than by the negligence or willful act of the customer and remains out of order for twenty-four (24) hours or longer after access to the premises is made available and after the customer reports to the Company that the service is out of order, the Company may make an appropriate adjustment to the customer's bill.

2.3.7 Discontinuance of Service

2.3.7.1 Discontinuance with notice.

Proper notice consists of a separate mailing or hand delivery at least ten (10) days prior to the stated date of disconnection. Telephone service may be disconnected after proper notice for any of the following reasons:

- a. failure to pay a delinquent account for telephone service;
- b. violations of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or relating to the operation of nonstandard provided equipment, if a reasonable attempt has been made to notify the customer, and the customer has been afforded a reasonable opportunity to remedy the situation;
- c. failure to comply with the Company's deposit arrangements in accordance with Section 2.3.5., preceding; and/or
- d. a returned check from the customer.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.7 Discontinuance of Service - (Continued)

2.3.7.2 Discontinuance without notice.

Telephone service may be disconnected without notice under either of the following conditions:

- a. a known dangerous condition exists; and/or
- b. service is connected without authority by a person who has not applied for service or who has reconnected service without authority.

2.3.7.3 Collection costs.

The customer is responsible for all collection costs, including attorney's fees, incurred by the Company as a result of any breach of contract by the customer.

2.3.7.4 Disputes.

In the event of a dispute between a customer and the Company, the Company shall not disconnect service pending completion of a supervisory review of the dispute as provided in Section 2.3.1., above.

2.3.8 Cancellation of Application For Basic Service

When the customer cancels an application for service prior to the start of installation of service, or prior to the start of special construction, no charge applies.

When installation of service has been started prior to the cancellation, a cancellation charge equal to the minimum service charge shall apply.

Where special construction has been started prior to the cancellation, a charge equal to the cost incurred in the special construction, less net salvage, applies. Installation or special construction for a customer is considered to have started when the Company incurs any expense in connection with the installation which would not otherwise have been incurred.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.9 Returned Check Charge

In addition to any late payment charges specified in this tariff, the customer will be assessed a charge of \$15.00 for each check, bank draft, or electronic funds transfer submitted by the customer to the Company which a financial institution refuses to honor.

2.3.10 Late Payment Charge

If any portion of a residential Customer's payment is received by the Company after the payment due date, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment, a late payment charge shall be due to the Company, provided billing capability exists. The late payment charge shall be the portion of the payment not received by the date due, multiplied by a factor. The late payment factor shall be 1.5% per month.

Late payment charges do not apply to the disputed portion of unpaid balances, if resolved in favor of the Customer. The disputed portion of unpaid balances, if resolved in favor of the Company, may be subject to the late payment charge as of the original due date noted on the Customer's bill. Undisputed amounts of the same bill may be subject to the late payment charge if they remain unpaid by the due date noted on the Customer's bill. Collection procedures and security deposit requirements are unaffected by the application of the late payment charge.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.3 CUSTOMER SERVICE AND PROTECTION - (Continued)

2.3.11 Restoration of Service

If a Customer's service is restored after having been suspended and/or disconnected in accordance with this tariff but a Company service order to terminate such service has not been completed when such service is restored, the Customer may be required to pay a restoration of service charge.

When a Customer's service has been disconnected in accordance with this tariff and the service has been terminated through the completion of a Company service order, service will be re-established only upon the basis of an application for new service.

Service initiated after the discontinuance for non-payment will be subject to the standard non-recurring charges for new service as defined in Sections 3 and 4 of this tariff. Service that has been re-established may require the assignment of a new telephone number.

If any Company service has been suspended, restricted, or discontinued for nonpayment, service will be re-established upon receipt of all charges due, which includes charges for services and facilities during the period of restriction or suspension and which may include a service restoration fee. If the Customer has a history of payments returned for insufficient funds, the Company may require payment by cash, money order or certified check. If such payments are made by personal check, restoration of service will be effected upon bank clearance of the check.

If service is established and it is subsequently determined that the Customer is indebted to the Company for service previously furnished, the Company may restrict, suspend or terminate such service until satisfactory arrangements have been made for the payment of the prior indebtedness.

As Customer who has service restricted, suspended, or disconnected may be subject to all standard non-recurring charges defined in Sections 3 and 4 of this tariff during the restoration of service.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.4 USE OF SERVICE AND FACILITIES

2.4.1 Use of Service

2.4.1.1 **General** - The customer is responsible for payment of all charges incurred, regardless of whether such charges are associated with his usage, or that of any of his authorized users.

2.4.1.2 **Transmitting Messages** - The Company does not transmit messages but offers the use of its facilities for communications between its customers.

2.4.1.3 **Use of Lines of Other Companies** - When suitable arrangements can be made, lines of other telephone companies may be used in establishing connections to points not reached by the Company's lines. In establishing connections with the lines of other companies, the Company is not responsible or liable for any action of the connecting company.

2.4.1.4 **Unauthorized Attachments or Connections** - No unauthorized equipment, accessory, apparatus, circuit or device shall be attached to or connected with Company facilities. In case any such unauthorized attachment or connection is made, the Company shall have the right to remove or disconnect the same, to suspend service during the continuance of said attachment or connection or to disconnect service. The customer shall be held responsible for the cost of correcting any impairment of service caused by the use of such attachments or connections and shall be billed for each service call made to his premises because of the use of such attachments or connections.

Except as otherwise provided in this Tariff, nothing herein shall be construed to permit the use of a device to interconnect any Company-owned line or channel with any other communications line or channel of the Company or of any other person.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.4 USE OF SERVICE AND FACILITIES - (Continued)

2.4.2 Obligations of Customers

2.4.2.1 Alterations - The customer agrees to notify the Company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's facilities, and the customer agrees to pay the Company's current costs for such changes.

2.4.2.2 Use of Commercial Power - Unless specifically provided otherwise in this tariff, when commercial power is used for the operation of customer provided premises equipment, the customer provides the necessary power wiring, power outlets and commercial power and assumes all responsibility for the safe condition of the power wiring, power outlets and commercial power.

2.4.2.3 Reimbursement to the Company for damages - The customer shall reimburse the Company for damages to Company facilities utilized to provide services under this tariff caused by the negligence or willful act of the customer, or resulting from the customer's improper use of the Company facilities or equipment provided by other than the Company. Such damages will be the actual cost of the materials and the actual hours required for repair of the damage multiplied by the appropriate labor rate.

Nothing in the foregoing provision shall be interpreted to hold one customer liable for another customer's actions. The Company will, upon reimbursement for damages, cooperate with the customer in prosecuting a claim against the person causing such damage and the customer shall be subrogated to the right of recovery by the Company for the damages to the extent of such payment.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.4 USE OF SERVICE AND FACILITIES - (Continued)

2.4.3 Rights of the Company

2.4.3.1 Work Performed on an Overtime Basis - The charges specified in this Tariff do not contemplate work being performed by Company employees at a time when overtime wages apply due to the request of the customer. If the customer requests that overtime labor be performed, an additional charge, based on the additional costs involved, applies.

2.4.3.2 Work Interruption - The charges specified in this Tariff do not contemplate work once begun being interrupted by the customer. If the customer interrupts work once begun, an additional charge, based on the additional costs involved, applies.

2.4.3.3 Ownership - Any facilities on the customer's premises furnished by the Company shall be and remain the property of the Company, whose agents and employees have the right to enter said premises at any reasonable hour for the purpose of installing, terminating, inspecting, maintaining or repairing service.

2.4.3.4 Impairment of Telephone Service - When the general telephone service to the public is impaired by a customer's use of telephone service, or service directly incident thereto, the Company shall have the right to require the customer to contract with the Company for such additional facilities as may be necessary in the Company's judgment to remove the cause of said impairment, or if the customer refuses this requirement or will not remedy the situation, to discontinue service completely.

2.4.3.5 Abandonment of Telephone Service - The Company may discontinue service which has been abandoned.

2.4.3.6 Abuse of Telephone Service - After giving the customer a reasonable opportunity to remedy the situation and after giving proper notice, the Company may discontinue service which is used:

- a. in such a way that interferes with the service of other telephone users;
- b. for any purpose other than as a means of communication;

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.4 USE OF SERVICE AND FACILITIES - (Continued)

2.4.3 Rights of the Company- (Continued)

2.4.3.6 Abuse of Telephone Service- (Continued)

- c. to communicate profane or obscene language;
- d. for a call or calls, anonymous or otherwise, if made in a manner which reasonably could be expected to frighten, abuse, torment or harass another;
- e. in any fraudulent or unlawful manner;
- f. in manner which violates any of the Company's lawful regulations; or
- g. to obtain a customer's listed name, address or telephone number from Directory Assistance for any purpose other than to facilitate the making of a telephone call.

2.4.3.7 Telephone Numbers - The Company reserves the right to change the telephone number or numbers assigned to a customer or the central office designation associated with such telephone number or numbers, or both, as reasonably appropriate in the conduct of its business. The customer has no property right in any number or central office designation assigned by the Company.

2.4.4 Liability of the Company

2.4.4.1 Given the customer's exclusive control of his communications over Company-provided facilities, and of the other uses for which Company facilities may be furnished, and because errors incident to the service and the use of facilities are unavoidable, the services and facilities furnished by the Company are subject to the terms, conditions and limitations specified herein.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.4 USE OF SERVICE AND FACILITIES - (Continued)

2.4.4 Liability of the Company (Continued)

- 2.4.4.2** The Company's failure to provide or maintain facilities under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, acts of God and other circumstances beyond the Company's control, subject to the interruption allowance provisions by this tariff.
- 2.4.4.3** The Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or customer providing a portion of a service.
- 2.4.4.4** **Defacement of Premises** - No liability shall attach to the Company by reason of any defacement or damage to the customer's premises resulting from the existence of the Company's facilities on such premises, or by the installation or removal thereof, when such defacement or damage is not the result of the sole negligence of the Company or its employees.
- 2.4.4.5** **Interruptions of Service** - In the event a customer's service is interrupted by other than the negligence or willful act of the customer, and it remains out of order for twenty-four (24) hours or longer after access to the premises is made available and after being reported to be out of order, appropriate adjustments or refunds may be made to the customer. The amount of adjustment or refund may be determined on the basis of the known period of interruption, generally beginning from the time the service interruption is first reported. Any refund to the customer shall be the pro rata part of the month's flat rate charges for the period of days and that portion of the service facilities rendered useless or inoperative. The refund may be accomplished by a credit on a subsequent bill for telephone service. No allowance for interruption of service will be made for any period in which such service interruption is caused by malfunction or failure of customer-owned equipment.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.4 USE OF SERVICE AND FACILITIES - (Continued)

2.4.4 Liability of the Company - (Continued)

2.4.4.6 Indemnification - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this Tariff. With respect to any other claim or suit, by a customer or by any others, the customer indemnifies and holds harmless the Company against claims, losses or suits for injury to or death of any person, or damage to any property which arises from:

- a. the use, placement or presence of the Company's facilities on the customer's premises; or
- b. the use of customer-provided premises equipment, voltages or currents transmitted over the Company's facilities caused by customer-provided premises equipment.

Further, the customer indemnifies and holds harmless the Company against claims for libel, slander, or the infringement of copyright arising directly or indirectly from the material transmitted over the Company's facilities or the use thereof by the customer; against claims for infringement of patents arising from, combining with, or using in connection with, facilities furnished by the Company and apparatus, equipment, and systems provided by the customer; and against all other claims arising out of any act or omission of the customer in connection with the services or facilities provided by the Company.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.4 USE OF SERVICE AND FACILITIES - (Continued)

2.4.4 Liability of the Company - (Continued)

2.4.4.7 **Liability** - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a customer or any others, for damages arising out of mistakes, omissions, interruptions, delays or errors, or defects in transmission occurring during provision of telephone service, the Company's liability, if any, shall not exceed an amount equivalent to the proportionate charge to the customer for the period of service during which such mistake, omission, interruption, delay, error, or defect in transmission or service occurs and continues. This liability shall be in addition to any amounts that may otherwise be due to the customer under this tariff as an allowance for interruptions. However, any such mistakes, omissions, interruptions, delays, errors, or defects in transmission or service which are caused or contributed to by the negligence or willful act of the customer or authorized user, or joint user, or which arise from the use of customer-provided premises equipment shall not result in the imposition of any liability whatsoever upon the Company.

IN NO EVENT SHALL THE COMPANY BE LIABLE FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST PROFITS AND LOST SAVINGS, ARISING OUT OF, RESULTING FROM, OR IN ANY WAY RELATED TO, THE SERVICES AND FACILITIES FURNISHED BY THE COMPANY, EVEN IF THE COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

NEITHER EXCEL NOR ITS SUBCONTRACTORS SHALL BE LIABLE FOR INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT OR OTHERWISE, AND EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. This limitation does not apply to any damages for bodily injury (including death) and, if work has not been performed in a workmanlike manner, damage to real property and tangible personal property.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.5 UNDERTAKING OF THE COMPANY

2.5.1 General

The Company undertakes to provide the services offered in this tariff on the terms and conditions and at the rates and charges specified.

Local Exchange Service consists of furnishing one-way or two-way telecommunications to or from a demarcation point on the Customer's premises and another demarcation point within a Local Service Area.

Service is provided on the basis of a minimum period of at least one month, 24-hours per day. For the purpose of computing adjustments or prorating charges in this tariff, a month is considered to have 30 days.

Service will be provided where facilities, billing capability and the resale of total local service or underlying network elements are available, or a combination thereof.

The Company's obligation to furnish service, features and/or facilities is also dependent upon its ability to provide, secure and retain, without unreasonable expense to the Company (a) suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment, (b) suitable space for its plant and facilities in the building where service is or is to be provided, (c) facilities for interconnection from alternate suppliers.

In the event of a dispute, the non-prevailing party may be liable for reasonable court costs and attorney's fees.

SECTION 2 -RULES AND REGULATIONS - (Continued)

2.5 UNDERTAKING OF THE COMPANY - (Continued)

2.5.2 Terms and Conditions

Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. The Customer may also be required to execute any other documents as may be reasonably requested by the Company. The Company reserves the right, at its discretion, to change the terms and conditions specified in this tariff, including, but not limited to, the rates for services. Any changes to the terms and conditions will be applicable to services provided after the effective date of the change.

At the expiration of the initial term specified in each service order, or in any extension thereof, service shall continue on a month to month basis at the then current rates. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations, which by their nature extend beyond the termination of the term of the service order shall survive such termination.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.5 UNDERTAKING OF THE COMPANY - (Continued)

2.5.3 Interconnection of Facilities

Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Local Exchange Services and the channels, facilities or equipment of others shall be provided at the Customer's expense.

Local Exchange Services may be connected to the services or facilities of other communications carriers only when authorized by and in accordance with the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.

2.5.4 Inspections

Upon reasonable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in the section for the installation, operation and maintenance of Customer-provided facilities, equipment and wiring in the connection of Customer-provided facilities and equipment to Company-provided facilities and equipment.

If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action deemed necessary, including the suspension of or disconnection of service, to protect its facilities, equipment and personnel from harm.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.5 UNDERTAKING OF THE COMPANY - (Continued)

2.5.5 Assignment or Transfer of Service

The Customer may not assign or transfer its rights or duties in connection with the services and equipment or facilities provided by the Company without the written consent of the Company. The Company may assign its rights and duties (a) to any subsidiary, parent company or affiliate of the Company, (b) pursuant to any sale or transfer of substantially all the assets of the Company, or (c) pursuant to any financing, merger or reorganization of the Company.

2.5.6 Notices and Communications

All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication, or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing.

2.5.7 Provisions of Certain Local Taxes and Fees

Any assessments, franchise fees, privilege, license, occupation, excise, or other similar taxes, whether in a lump sum or at a flat rate, or based on receipts, or based on poles, wire or other utility property units, imposed upon the Company by any governmental authority shall be added pro rata, insofar as practical, to the rates and charges stated in the Company's standard schedules, in amounts which in the aggregate for the Company's Customers of any political entity shall be equal to the amount of any such tax upon the Company. Company shall, so long as any such tax or fee is in effect, add to the bills of the Customers in such political entity pro rata on the basis of the revenue or as otherwise required and/or allowed by law derived by Company from each such Customer, an amount sufficient to recover any such tax or fee.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.5 UNDERTAKING OF THE COMPANY - (Continued)

2.5.8 Special Arrangements

2.5.8.1 **Contract Service Arrangements** - When economically practicable, Customer specific contract service arrangements may be furnished in lieu of existing tariff offerings.

- a. Rates, Charges, Terms and additional regulations, if applicable, for the contract service arrangements will be developed on an individual case basis, and will include all relevant costs, plus an appropriate level of contribution.
- b. Unless otherwise specified, the regulations for contract service arrangements are in addition to the applicable regulations and rates specified in other sections of this Tariff.

2.5.8.2 **Promotional Offerings** - The Company may offer special promotions of new or existing services or products. These promotions will be offered on a non-discriminatory basis with each subscriber in the classification of service and area for which the promotion is offered having an equal opportunity for participation, subject to availability of products, services and facilities. Promotions may include, but are not limited to, reductions in recurring rates and/or waiver of non-recurring charges.

SECTION 2 - RULES AND REGULATIONS - (Continued)

2.5 UNDERTAKING OF THE COMPANY - (Continued)

2.5.8 Special Arrangements - (Continued)

2.5.8.3 Special Construction - If the provision of service to a Customer would require the construction of additional facilities, replacement facilities or special facilities designed to meet the Customer's particular needs, the Company, at its option, may seek to obtain the facilities from another carrier, or may construct the facilities. The Customer may be required to pay all of the Company's actual expenses incurred in obtaining or constructing the facilities, including but not limited to, any unusual maintenance costs or removal costs. Construction charges may be payable, at the Company's option, prior to acceptance of the Customer's application for service or when billing is rendered. The Customer may be required to enter into a written agreement to pay the construction charges if they are not paid prior to initiation of service.

Any facilities constructed by the Company by the use of construction charges, however financed, shall be and remain the property of the Company, unless otherwise agreed to by the Company pursuant to a written agreement. The Customer does not obtain any rights of ownership in facilities provided by the Company.

The charges and regulations applicable to special construction apply in connection with all classes of service, facilities or equipment furnished by the Company and are in addition to the installation charges, service connection and move charges and monthly service charges otherwise applicable to the provision of service to the Customer pursuant to other sections of this tariff.

2.6 EMERGENCY SERVICES (ENHANCED 911)

This service allows Customers to reach the appropriate emergency services including police, fire and medical services. Enhanced 911 has the ability to selectively route an emergency call to the primary E911 provider so that it reaches the correct emergency service located closest to the caller. In addition, the Customer's address and telephone information will be provided to the primary E911 provider for display at the Public Service Answering Point (PSAP). These services will be provided free of charge to all Customers.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS

Excel Telecommunications, Inc. (the Company and/or Excel) is a telecommunications provider incorporated under the laws of the State of Texas. Excel Telecommunications, Inc. provides telecommunications services in the areas certified to it within the State of Arizona.

Excel Telecommunications, Inc.'s authority to serve this area is granted in its Certificate of Convenience and Necessity as determined by the Commission.

All rules, regulations and rates of the Company apply to its certified area unless otherwise specifically noted in this tariff.

Excel Local Exchange Services may be offered in conjunction with an associated long distance service offering provided by Excel.

3.1 NONRECURRING CHARGES

3.1.1 Service Connection Charges

These charges are nonrecurring and apply to various Customer requests for connecting, moving or changing service. They are in addition to any other scheduled rates and charges that would normally apply under this tariff. The charges in this section for the connection, move, or change of service contemplate work being performed by Company employees involved at a time when overtime wages do not apply. No distinction is made between a "New Installation and Connection" and an "Outside Move". All changes in location of Customer's equipment or service from one premises to another, are treated as new service connections with service charges applying.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.1 NONRECURRING CHARGES - (Continued)

3.1.1 Service Connection Charges - (Continued)

a. Local Service Charge

This charge is for receiving, recording and processing information necessary to execute a Customer's request for service. One Local Service Charge, per line, is applicable for all changes and/or additions ordered and provided at the same time for the same Customer. Charges are applicable to, but not limited to, the following:

- Transfer a Customer from one carrier to another for local exchange service.

b. Long Distance PIC Charge

To transfer a Customer from one carrier to another for long distance service, a Long Distance PIC Charge applies as specified in this tariff. This charge will not be applied when the customer initiates local service with the Company.

c. IntraLATA PIC Charge

To transfer a Customer from one carrier to another for IntraLATA service, a IntraLATA PIC Charge applies as specified in this tariff. This charge will not be applied when the customer initiates local service with the Company.

d. Add New Line

To add a new primary line to customer's residence if facilities construction is required.

e. Additional New Line/Same Trip

To add an additional new line to customer's residence if another telephone line is provided by the Company at the same residence and initiated at the same time.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.1 NONRECURRING CHARGES - (Continued)

3.1.1 Service Connection Charges - (Continued)

f. Service Activation Charge

To initiate service if no facilities construction is required.

g. Special Construction

To perform any customer required special construction or change of existing telephone equipment at the customer premises.

3.1.2 Miscellaneous Charges

a. Feature Service Charge

When a Customer adds, deletes, or changes a feature or changes features within a local package, the Company cannot apply more than one Feature Service Charge per order per line.

b. Record Order Charge

One Record Order Charge, per line, is applicable for all changes and/or additions ordered and provided at the same time for the same Customer. When multiple Record Orders are required for Company reasons, only one Record Order Charge applies. Charges are applicable to, but not limited to, the following:

- Change of a directory listing name or address
- Change of a telephone number except in the case of harassing calls
- Changes of billing address

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.2 EXCHANGE SERVICES

3.2.1 Local Service Offers

Customers subscribing to the Company's Local Service must purchase a local package consisting of an access line (dial tone), Touch Tone and a pre-determined number of Custom Features. Customers who order an additional line(s), are exceptions to the local package purchase requirement. EXCEL Local Service offers are furnished as follows:

- a. **Excel Complete Communications Package:** Single line service with Touch Tone, with the following automatic features included: Call Waiting, Call Return, Caller ID, Auto Redial, Call Blocking, Three-Way Calling, Distinctive Ring, Speed Dialing, Anonymous Call Rejection (ACR) or Call Forwarding.

3.2.2 Touch Tone Calling Service

- a. Touch Tone calling service provides for the origination of calls by means of instruments equipped for tone-type address signaling and special central office facilities. The service is furnished subject to the availability of central office facilities.
- b. All dial-type lines that terminate in an instrument equipped for tone-type address signaling shall be equipped for Touch Tone calling service except for dial-type lines served from a central office where the special facilities for Touch Tone calling service are not available.
- c. Other facilities, miscellaneous and supplemental equipment, requested by Customers and not detrimental to this service or other services of the Company will be furnished under the regulations and at the rates specified in the applicable sections of this tariff.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.3 CUSTOM FEATURES

The features in this section are made available on an individual basis or as a part of feature packages. Custom features are offered on a monthly basis where facilities are available.

- a. **Anonymous Call Rejection (ACR)** - Allows customers to automatically reject all calls that have been marked anonymous, unavailable, or private by the calling party. When ACR is active, the called party receives no alerting (ringing) for a call that has been rejected. The call is routed to a denial announcement and subsequently terminated.
- b. **Auto Redial (Repeat Dialing)** - This feature automatically redials the last outgoing number dialed by the Customer. Activation and deactivation of this feature is completed by the Customer. Repeat Dialing will attempt to call the number for a maximum of thirty (30) minutes after the feature is activated. Once the call is established, the Customer will hear a special ring when the call can be completed. NOTE: Some telephones are only capable of providing a standard ring. Customers must contact the manufacturer or distributor of their telephone set if they have any questions.

Repeat Dialing (usage sensitive) is available on a pay-per-use basis. And the functionality is the same as Repeat Dialing. Repeat Dialing (usage sensitive) will be provisioned with local service unless customer requests the feature to be blocked or it is included in a package.

- c. **Call Blocking - Full Restriction** - Call Blocking - Full Restriction is a central office service that restricts long distance calling. Restricted calls are directed to a central office announcement. Call Blocking - Full Restriction is activated when a one or a zero precedes a dialed number. However, calls to 800 type services are not restricted, and where facilities permit, one plus calls to Company business offices and repair service are not restricted. All calls to operator services are disallowed for residence Customers.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.3 CUSTOM FEATURES - (Continued)

- d. **Call Forwarding** - Permits a customer to transfer all incoming calls to another dialable telephone number. The customer pre-selects a second telephone number to which all incoming calls are to be transferred automatically. Calls may be transferred to a long distance message telecommunications point subject to the availability of the necessary facilities in the central office from which the calls are to be transferred.

Call Forwarding shall not be used to extend calls on a planned and continuing basis to intentionally avoid the payment in whole or in part, of message toll charges that would regularly be applicable between the access line originating the call and the access line to which the call is transferred. Customers utilizing Call Forwarding service are responsible for the payment of charges for each toll call between his access line and the distant access line to which the call was transferred.

- e. **Call Return** - This feature allows the Customer to automatically return the most recent incoming call, even if it is not answered. If the telephone number is busy, Call Return will attempt to call the number for a maximum of thirty (30) minutes after the feature is activated. Once the call is established, the Customer will hear a special ring when the call can be completed. This is accomplished by the Customer activating a code. NOTE: Some telephones are only capable of providing a standard ring. Customers must contact the manufacturer or distributor of their telephone set if they have any questions.

Call Return (usage sensitive) is available on a pay per use basis and the functionality is the same as Call Return. Call Return (usage sensitive) will be provisioned with local service unless customer requests the feature to be blocked or it is included in a package.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.3 CUSTOM FEATURES - (Continued)

- f. **Call Waiting** - This feature provides a tone signal that alerts the Customer talking on the line when a second call is incoming. A maximum of two calls may be in process at one time. A Customer who subscribes to Call Waiting can also inhibit the reception of the Call Waiting tone for the duration of a single call, preventing interruption of the call by activating the code (*70) to cancel Call Waiting. This functionality is automatically included with the Call Waiting feature at no additional cost to the Customer.
- g. **Speed Dialing 8** - This feature allows the Customer to reach a list of frequently called numbers by dialing an abbreviated code. The Customer may call up to eight pre-selected numbers by dialing one-digit codes. Programming of these numbers is completed by the Customer.
- h. **Three-Way Calling** - Enables a customer to add a third party on an existing call without operator assistance, thereby establishing a three-way conversation. The transmission quality may vary depending on the distance and routing necessary and may not necessarily meet normal standards.

Three-Way Calling (usage sensitive) is available on a pay per use basis and the functionality is the same as Three-Way Calling. Three-Way Calling (usage sensitive) will be provisioned with local service unless customer requests the feature to be blocked or it is included in a package.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.3 CUSTOM FEATURES - (Continued)

- i. **Caller ID with Name and Number** - Allows the Customer to identify most callers by letting him/her see the names and phone numbers on special display equipment. The customer must purchase the equipment separately and it is not available under this tariff

- j. **Distinctive Ring Service** - This feature permits the Customer to preselect telephone numbers that can be given a distinctive alerting signal, ring or Call Waiting tone (if the Customer also subscribes to Call Waiting). The Customer can create or change a list of telephone numbers by dialing an activation code. NOTE: Some telephones are only capable of providing a standard ring. Customers must contact the manufacturer or distributor of their telephone set if they have any questions.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.4 LISTINGS

3.4.1. General - Customers shall provide the Company with information for all listings. The Company will include the Standard listing in the White Pages (Alphabetical Section) of the telephone directory and will offer one additional listing to the Customer. The Customer must identify its non-published and non-listed telephone numbers for directory purposes.

BNA (bill name and address) information associated with listed/published telephone numbers will be provided for calling card calls and collect and third party billed calls. The Company's BNA service is not available with respect to accounts of non-published/unlisted end users who, by request to the Company (which may be submitted at any time), have specified that such information may not be released, except when the requesting carrier's BNA request for non-published/unlisted end users are as a result of dial-around usage on the requesting carrier's network. If a non-published/unlisted end user requests that the information not be released, all collect and billed to third party calls will be blocked.

3.4.2. Directory Listing - Standard - The Customer will receive one Standard listing per telephone number, in the alphabetical section of the directory, at no additional charge.

3.4.3. Directory Listing - Additional - The term Additional listing denotes any White Page listing, regardless of form, in addition to the Standard listing. A monthly rate applies for one Additional listing. An additional listing may be any of the following:

- a. Names of members of the Customer's family or of persons residing in the Customer's household.
- b. When the Customer's name or names of other persons residing in the household is spelled in more than one way, additional listings of the alternative spelling are permitted.
- c. The owner of a duly licensed amateur radio station may obtain a listing of the station with this residence telephone number.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.4 LISTINGS - (Continued)

3.4.4 Directory Listing - Non Published

a. General

Non-published telephone numbers are not listed in either the Company's directories or directory assistance records available to the general public. When a call is placed from a telephone number associated with a non-published listing, the number and name may be disclosed if the called party has equipment to display Calling Number Delivery and/or Calling Name Delivery. Customers may prevent the display of the calling number and name by activating Caller ID blocking. Caller ID blocking is available, at no charge, in areas where Caller ID disclosure is possible.

b. Regulations

Incoming calls will be completed by the Company only when the calling party places the call by dialing the telephone number. The Company will adhere to this practice notwithstanding any claim of emergency the calling party may present. The acceptance by the Company of the Customer's request to refrain from publishing his/her telephone number in the directory does not create any relationship or obligation, direct or indirect, to any other person than the Customer.

The Company's liability, if any, for its gross negligence or willful misconduct or the right of the Customer to seek any legal remedy available for the same is not limited by this tariff. In the absence of gross negligence or willful misconduct with respect to any claim or suit brought by, or other legal remedies available to, the Customer for damages associated with publishing the telephone number of non published service in the directory or disclosing said number to any person, the Company's liability, if any, shall not exceed the monthly charges which the Customer may have made for such unpublished service for the period during which the service was affected.

Except as provided above, the Customer indemnifies and saves the Company harmless against any and all claims for damages caused or claims to have been caused, directly or indirectly, by the publication/non-publication of the non published listed number or the disclosing/non-disclosing of said number to any person.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.4 LISTINGS - (Continued)

3.4.5 Directory Listing - Non Listed

a. General

Non listed numbers are not listed in the Company's directories but are included in directory assistance records available to the general public.

b. Regulations

The Customer indemnifies and saves the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly by the publication of the listing, which the Customer has requested, be omitted from the telephone directory. Where such a listing is published in the telephone directory, the Company's liability shall be limited to a refund of any monthly charges assessed by the Company for the particular non-listed service.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.5 OPERATOR SERVICES

3.5.1 Directory Assistance

Allows Customers to obtain help determining listed telephone numbers. A maximum of two (2) requested telephone numbers will be provided for each Directory Assistance call.

3.5.2 Busy Line Verification

Provides operator assistance in determining if there is a conversation in progress at the called station. The charge only applies if 1) a conversation is detected, or 2) the line is detected to be off-hook but no conversation.

3.5.3 Busy Line Verification/Interrupt

Provides for operator interruption of a conversation in progress on a called station. A charge applies for each attempt to interrupt regardless of whether or not the called station releases the call. A Busy Line Verification must be made prior to a Busy Line Interrupt and both service charges will apply.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.5 OPERATOR SERVICES - (Continued)

3.5.4 Customer Dialed Calling Card Station

Customer Dialed Calling Card Station rates apply when calls are originated and billed as specified below. Customer Dialed Calling Card Station rates do not apply when (1) the Customer dials the appropriate Company access code and does not enter the called number prior to the call timing out and being transferred to a live Company operator or the automated operator system; or, (2) the Customer dials a Company-designated number for completion of Customer Dialed Calling Card calls, but fails to respond to system prompts and must be transferred to a Company operator.

a. Customer Dialed Automated

The Customer dials the appropriate Company access code (e.g. 0 or 10-10-XXX+0, a Company-designated number for completion of Customer Dialed Calling Card calls), plus the telephone number desired and completes the call without the assistance of a live Company operator or the automated operator system (except in the case for calls made from a rotary phone), and the call is billed to a consumer calling card.

b. Operator Must Assist

The Customer dials the appropriate Company access code (e.g. 0 or 10-10-XXX+0, a Company-designated number for completion of Customer Dialed Calling Card calls), plus the telephone number desired and (1) the local exchange operator services equipment capability precludes the Customer from completing the call without the assistance of a Company operator and the call is billed to the Customer's calling card, or (2) the Customer's calling card number, when input, is not the accepted length to be automatically validated and requires operator intervention.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.5 OPERATOR SERVICES - (Continued)

3.5.4 Customer Dialed Calling Card Station - (Continued)

c. Customer Dialed and Operator Assisted

The Customer dials the appropriate Company access code (e.g., 0, 10-10-XXX+0, a Company-designated number for completion of Customer Dialed Calling Card calls), plus the telephone number desired and is able to input the calling card number but uses Company operator assistance that is limited to recording the calling card number for billing purposes.

3.5.5 Operator Assisted

Operator Assisted station-to-station and person-to-person charges are determined by adding the appropriate Operator Assisted service charge and/or surcharge, specified in Section 4.5., including the applicable calling rate.

The service charge categories for station-to-station Operator Assisted Calls are as follows:

- Sent Paid
- Station Collect/Directory Assistance
- Bill to Third Number
- Bill to Third Number/Directory Assistance
- Person-to-Person
- Person-to-Person/Directory Assistance

A surcharge applies to Operator Assisted station-to-station and person-to-person calls. The surcharge applies in addition to any applicable service charges.

Incoming Collect and Billed to Third party Calls can be blocked at the customer's request.

SECTION 3 - CONSUMER LOCAL SERVICE DESCRIPTIONS - (Continued)

3.5 OPERATOR SERVICES - (Continued)

3.5.6 Application of Service Charges and Surcharges

| TYPE OF CALL | <u>OPERATOR SERVICE CHARGE</u> | <u>OPERATOR DIALED SURCHARGE</u> |
|---|--|--|
| - Busy Line Interruption | Yes | No |
| - Busy Line Verification | Yes | No |
| - Customer Dialed Calling Card Station Automated (0+) | Yes | No |
| - Operator Must Assist (0+) | Yes | No |
| - Operator Assisted (0+) | Yes | No |
| - Operator Station-to-Station (Customer dialed 0+) collect, billed to third number, sent paid | Yes | No |
| - Operator Station-to-Station (operator dialed 0-) collect, billed to third number, sent paid | Yes | Yes |
| - Operator Station-to-Station (operator dialed 0-) billed to a calling card | Yes | No |
| - Operator Dialed Calling Card Station (operator dialed 0-) billed to a calling card | Yes | No |
| - Person-to-Person (Customer dialed 0+) collect, billed to third number, sent paid | Yes | No |
| - Person-to-Person (operator dialed 0-) collect, billed to third number, sent paid | Yes | Yes |
| - Person-to-Person (operator dialed 0-) billed to a calling card | Yes | No |

SECTION 4 - CONSUMER LOCAL RATES AND CHARGES

4.1 NON-RECURRING CHARGES

4.1.1 Service Connection Charges

Non-Recurring Charge:

| | <u>Current</u> | <u>Maximum</u> |
|------------------------------------|-----------------------------|----------------|
| a. Local Service Connection Charge | \$25.00 | \$50.00 |
| b. Subscriber Line Charge (SLC) | \$5.00 | \$10.00 |
| c. Add New Line Charge | \$25.00 | \$50.00 |
| d. Additional New Line/ Same Trip | \$25.00 | \$50.00 |
| e. Service Activation Charge | \$25.00 | \$50.00 |
| f. Special Construction | Individual case basis (ICB) | |

4.1.2 Service Connection Charges

Non-Recurring Charge:

| | <u>Current</u> | <u>Maximum</u> |
|---------------------------|----------------|----------------|
| a. Feature Service Charge | \$25.00 | \$50.00 |
| b. Record Order Charge | \$10.00 | \$20.00 |

SECTION 4 - CONSUMER LOCAL RATES AND CHARGES - (Continued)

4.2 EXCHANGE SERVICES

4.2.1 Local Service Offers:

Price Per Month:

Current Maximum

| | | | |
|----|---------------------------------------|---------|---------|
| a. | EXCEL Complete Communications Package | \$31.95 | \$63.90 |
|----|---------------------------------------|---------|---------|

4.2.2 Local Service Access Lines

Prices for Local Service Access Lines as defined in this tariff, are reflected in the Local Service Offers prices in 4.2.1, preceding, and are not rate additive.

4.2.3 Touch Tone Calling Service

Prices for Touch Tone Calling Service, as defined in this tariff, are reflected in the Local Services Offers prices in 4.2.1, preceding, and are not rate additive.

SECTION 4 - CONSUMER LOCAL RATES AND CHARGES - (Continued)

4.3 CUSTOM FEATURE RATES

The following features are furnished, as part of the Excel Complete Communications Package:

| | |
|---------------------------------|----------------------|
| -Anonymous Call Rejection (ACR) | No Additional Charge |
| -Auto Redial (Repeat Dialing) | No Additional Charge |
| -Call Blocking Full Restriction | No Additional Charge |
| -Call Forwarding | No Additional Charge |
| -Call Return | No Additional Charge |
| -Call Waiting | No Additional Charge |
| -Speed Dialing 8 | No Additional Charge |
| -Three Way Calling | No Additional Charge |
| -Caller ID With Name and Number | No Additional Charge |
| -Distinct Ring Service | No Additional Charge |

SECTION 4 - CONSUMER LOCAL RATES AND CHARGES - (Continued)

4.4 LISTINGS

| | Monthly Charge | |
|---|----------------|----------------|
| | <u>Current</u> | <u>Maximum</u> |
| 4.4.1 Directory Listing – Standard | \$0.00 | \$2.00 |
| 4.4.2 Directory Listing - Additional (a maximum of three) | \$2.00 | \$4.00 |
| 4.4.3 Directory Listing - Non Published | \$2.40 | \$4.80 |
| 4.4.4 Directory Listing - Non Listed | \$2.40 | \$4.80 |

SECTION 4 - CONSUMER LOCAL RATES AND CHARGES - (Continued)

4.5 OPERATOR SERVICES

| | <u>Current</u> | <u>Maximum</u> |
|--|----------------|----------------|
| 4.5.1 Local Directory Assistance Service Charge, up to 2 listings | \$0.35 | \$0.70 |
| 4.5.2 Local Directory Assistance Call Completion Service Charge | \$0.35 | \$0.70 |
| 4.5.3 Busy Line Verification/Interrupt Service Charges | | |
| Per Verification | \$2.00 | \$4.00 |
| Per Interrupt | \$3.00 | \$6.00 |
| 4.5.4 Calling Card Service Charges | | |
| - Customer Dialed, Automated | \$0.45 | \$0.90 |
| - Customer Dialed, Operator Must Assist | \$1.65 | \$3.30 |
| - Customer Dialed and Operator Assisted | \$1.65 | \$3.30 |
| - Calling Card / Directory Assistance | \$0.80 | \$1.60 |
| 4.5.5 Operator Assisted Calling Service Charges | | |
| - Sent Paid | \$1.65 | \$3.30 |
| - Station Collect | \$1.65 | \$3.30 |
| - Bill to Third Number | \$1.65 | \$3.30 |
| - Person-to-Person | \$3.00 | \$6.00 |
| 4.5.6 Operator Service, Per Minute Rate: | | |
| | \$0.40 | \$0.80 |

SECTION 5 - COMMERCIAL LOCAL SERVICE DESCRIPTIONS

Reserved For Future Use

Issued: April 8, 2002

Effective:

**Jerry G. Kirby, Sr. Tariff Manager
Excel Telecommunications, Inc.
8750 North Central Expressway, Suite 2000**

SECTION 6 - COMMERCIAL RATES AND CHARGES

Reserved For Future Use

Issued: April 8, 2002

Effective:

**Jerry G. Kirby, Sr. Tariff Manager
Excel Telecommunications, Inc.
8750 North Central Expressway, Suite 2000**

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

7.1 SPECIAL CHARGES

7.1.1 Applications

Special charges may be applied in addition to the usual service connection charges and monthly rates. Special charges apply primarily when unusual investment or expense will be incurred by the Company. Special charges will apply when:

- a. conditions require or the Customer request the provision of special equipment or unusual or nonstandard methods of plant construction, installation or maintenance or a move of equipment or necessary facilities;
- b. the Customer's location requires the use of costly private right-of-way; and
- c. the proposed service is of a temporary nature, and the plant to be placed would not be useful to the Company in the general conduct of its business after that service was discontinued.

7.1.2 Customer Requirements

- a. Temporary Construction - The Customer shall be charged the estimated cost of construction and removal of the plant which would not be of value to the Company, less the estimated net recovery value of the material used. The Company may require the Customer to pay the cost of construction plus the cost of removal, less salvage, for temporary construction performed in advance of permanent construction or to provide temporary service.
- b. The Company shall retain title (if applicable) to all plant constructed, as specified within this tariff, provided wholly or partially at a Customer's expense.
- c. When attachments are made to poles of other companies, instead of providing construction for which the Customer would be charged under the provisions of this section, the Customer shall pay the other company's cost for such attachments.
- d. The Customer is required to pay the construction charges made by another telephone company providing facilities to connect with the facilities of the Company.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.2 LINE EXTENSIONS

7.2.1 Conditions for Line Extension Charges

Construction Charges for line extensions are applied to Customer's with abnormally long extension requirements to prevent unreasonable burdening of the general body of existing Customers or service subscribers.

7.2.2 Rules for Line Extension Charges

- a. All costs will be computed on a current basis, and material cost will be computed on the basis of the extension of the minimum sized cable used by the Company or its designated facilities provider to the Customer.
- b. The Company will determine the type of cable plant extension required on the basis of current and projected conditions and estimate the cost accordingly.
- c. The construction charge for line extensions is apportioned equally among all Customers of a group.
- d. Customers may be required to make advance payments to cover all or a portion of the excess construction charges for exchange service or special service arrangements when in the Company's judgement there is evidence of credit risk. A cash deposit may also be required as specified in Rules and Regulations, Section 2.3.5., on Deposits.
- e. Payments for line construction are not refundable, and no credit will be allowed for future installations on line extensions constructed under the above regulations.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.2 LINE EXTENSIONS - (Continued)

7.2.3 Poles on Private Property

The Company or its designated facilities provider will provide the poles on private property which are used in serving an individual Customer at no cost to the Customer except in cases where the Customer is required to pay for constructing the line extension. Poles requested by the Customer, in excess of those deemed necessary by the Company, will be charged to the Customer at the installed cost.

7.2.4 Provisions of Private Rights-of-Way

The Company's obligation to provide service through line extension depends entirely on its ability to secure, retain and maintain suitable rights-of-ways without incurring unreasonable expense. When conditions require, Customers shall provide, without expense to the Company, private rights-of-way as needed. Any and all private rights-of-way permit requirements and any and all associated costs will be the responsibility of the Customer and must be furnished before a plant extension project begins.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.3 SPECIAL CONSTRUCTION

7.3.1 Construction on Private Property

- a. The Company or its designated facilities provider will furnish an average amount of entrance and distribution facilities, provided the facilities are of the standard type normally furnished for the particular location or kind of service.
- b. If additional entrance or distribution facilities are required, or if conditions require special equipment, maintenance or methods of construction, if the installation is for a temporary purpose, or if for any other reason, the construction costs are excessive as compared with the revenue to be derived from the project, the Customer may be required to pay for costs over and above the costs applicable for a normal installation.
- c. The Customer will provide the Company upon request and without charge written permission for the placement of Company facilities (or the facilities of a Company-designated service provider) on their property.
- d. The Customer is responsible for providing satisfactory entrance to the building and space for mounting any necessary network protection equipment.

7.3.2 Temporary Service

Where plant construction is required to provide any temporary service or facility, or where it is necessary to place temporary construction in advance of permanent construction in order to meet the Customer's requirements, the Company may require the Customer to pay the nonrecoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.3 SPECIAL CONSTRUCTION - (Continued)

7.3.3 Service Provided to Movable Premises

- a. When telephone service is provided to movable premises by means of aerial plant, the Customer shall provide a clearance pole if the Company considers it necessary. The clearance pole must comply with the Company's specifications. The Customer shall place, own and maintain the pole. However, if the Customer elects and the Company agrees, the Company or its designated service provider will place, own and maintain the pole and bill the Customer the cost of placing the pole.
- b. Where plant construction is required to provide any service or facility to a movable premises, and it is necessary to place temporary construction in advance of permanent construction in order to meet the Customer's requirements, the Company may require the Customer to pay the nonrecoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.3 SPECIAL CONSTRUCTION - (Continued)

7.3.4 Service to Residential and Commercial Developments

The construction charges, allowances and provisions previously specified in this Section contemplate the extension of facilities into areas of normal growth and development. Where facilities are to be extended into new areas of residential or commercial real estate development which, in the Company's opinion, are of a promotional or speculative nature, the Company may require an advance deposit equal to all or a portion of the costs of such construction, depending on the circumstances in each case. This advance deposit will be payable prior to the start of construction.

- a. The Company and the developer may enter into a contractual agreement that provides for the periodic refund of portions of the deposit as Customers in the development receive telephone service, and other terms of the contract are met. The contract will specify the estimated number of telephone customers expected to receive service within the area and the time required to complete the project (not to exceed five years). The contract will provide that the construction charge be recomputed to reflect regular tariff allowances, design changes made by the developer, damage to telephone facilities by persons other than Company employees or agents or unusual construction requirements. Periodic refunds to the developer will be adjusted accordingly.
- b. The Customer for telephone service to a development is required to provide the Company, at his own expense, the necessary easements for installation and maintenance of telephone facilities, clear the ground where facilities are to be installed according to Company specifications and request installation of telephone facilities at an appropriate time during construction of the project to avoid unnecessary costs to the Company.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.3 SPECIAL CONSTRUCTION - (Continued)

7.3.5 Underground Service Connections

When a Customer requests that underground service connections be installed instead of aerial facilities which would ordinarily be used, or when aerial facilities are used to provide service, and the Customer subsequently requests that facilities be placed underground, the following regulations apply:

- a. the Customer shall pay the cost on constructing and maintaining underground conduits which will be built according to Company specifications or according to the specifications of the Company's designated service provider;
- b. any ducts required in the underground conduit by the Company to furnish service shall be reserved for its exclusive use;
- c. if a Customer requests that cable be installed in a trench, the trench shall be constructed and back filled under the Company's supervision at the Customer's expense;
- d. the Company or its designated service provider will maintain and replace cable installed in conduit where the Company has inspected and approved the conduit. The Company or its designated service provider will repair or replace cable in conduit or trench necessitated by damage caused by the Customer or his representatives, only at the Customer's expense; and
- e. the Company or its designated service provider may replace existing aerial facilities with underground facilities in connection with planned projects or during its normal operations. If a Customer requests the removal and replacement of existing aerial facilities with underground facilities prior to the time of normal replacement, the Customer will be responsible for the expense incurred by the Company in making the replacement.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.4 SPECIAL SERVICE ARRANGEMENTS

7.4.1 General

- a. If a Customer's requirements cannot be met by regular service arrangements, the Company will provide, where practical, special service arrangements at charges equal to the estimated cost of furnishing such facilities. These special service arrangements will be provided if the provision of such arrangements is not detrimental to any other services furnished under the Company's tariffs.
- b. If any type of qualifying special assembly device is subscribed to by more than three (3) customers, the Company may file the offering as a general service offering in the appropriate tariff section.

7.4.2 Rates and Charges

7.4.2.1 Rates for special service arrangements are equivalent to the estimated costs of furnishing the special service arrangements.

7.4.2.2 Estimated costs, which consist of an estimate of the total cost to the Company of providing the special service arrangement, may include the following:

- a. cost of maintenance;
- b. cost of operation;
- c. depreciation on the estimated installed cost of any facilities used to provide the special service arrangement based on anticipated useful service life less estimated net salvage value;
- d. general administration expenses, including taxes on the basis of average charges for these items;
- e. any other item of expense associated with the particular special service arrangement; and
- f. an amount, computed on the estimated installed cost of the facilities used to provide the special service arrangement, for return on investment.

SECTION 7 - CHARGES APPLICABLE UNDER SPECIAL CONDITIONS - (Continued)

7.4 SPECIAL SERVICE ARRANGEMENTS - (Continued)

7.4.2 Rates and Charges - (Continued)

7.4.2.3 The estimated installed cost described above will include the costs of equipment and materials provided or used, plus estimated labor costs, including the cost of installation, engineering, supervision, transportation, rights-of-way, in addition to other items chargeable to the capital accounts.

7.4.2.4 Special service arrangement rates are subject to revision depending on changing costs.

7.4.2.5 If and when a special service arrangement becomes a tariffed offering, the tariffed rate or rates will apply from the date of tariff approval.

7.4.2.6 The following rate treatments may be used in connection with charges for special service arrangements:

- a. monthly rental or termination agreement with or without an installation charge; and
- b. installation charge only.

7.5 OTHER REGULATIONS

Line extensions and special service arrangements are further subject to the regulations specified in the tariffs of this Company, or in the tariffs of the Company's designated service provider, as they now exist, and any revisions, additions or supplements which may be made in the future.

SECTION 8 - LOCAL MARKET TRIALS

8. LOCAL MARKET TRIALS

- 8.1 Purpose** - A market trial is intended to enable the Company to test its ability to provide services that may eventually be made available to the general public. As a part of a market trial, the Company may need to test the capabilities of the systems required by a proposed service, including, but not limited to, systems needed to establish, provision, operate, bill and/or collect for a service, whether such systems are provided solely by the company or in combination with systems provided by other carriers or vendors. A market trial is not an offer to provide service to the general public.
- 8.2 Eligibility** - The Company may limit customers who are eligible to receive a service that is offered as part of a market trial, including but not limited to, limitations on the number of customers or the classes of customers who may subscribe to the service during the market trial. Additionally, the Company may limit the market trial to customers who are employees of the Company.
- 8.3 Availability** - The Company, at its option, may choose to offer a market trial service on a statewide basis or may limit the availability of a market trial service to a smaller geographic area. The area in which a market trial service is available may include all or part of an exchange and need not conform to existing exchange area boundaries.
- 8.4 Duration** - A market trial may be conducted for any period of time defined by the Company, not to exceed 12 months.
- 8.5 Notice** - The Company will notify the Commission in writing of any local market trial services being offered in Arizona.
- 8.6 Applicability of Other Tariff Provisions** - If the terms and conditions of the market trial conflict with other provisions of this tariff, the market trial terms and conditions shall govern the market trial service offering. In all other instances, a market trial shall be subject to the other terms and conditions for service as contained in this tariff.

Issued: April 8, 2002

Effective:

Jerry G. Kirby, Tariff Manager
Excel Telecommunications, Inc.
8750 North Central Expressway, Suite 2000
Dallas, Texas 75231

ATTACHMENT C

AFFIDAVIT OF PUBLICATION

TO BE LATE FILED

ATTACHMENT D

FINANCIAL STATEMENTS



Total Excel Income Statement

| | For the Twelve Months Ended December 31, 1999 (unaudited) | For the Twelve Months Ended December 31, 2000 (unaudited) | For the Twelve Months Ended December 31, 2001 (unaudited) |
|----------------------------|--|--|--|
| (\$ in thousands) | | | |
| Communication Services | \$ 1,366,600 | \$ 863,395 | \$ 750,473 |
| Intercompany Services | 57,592 | 86,936 | 34,544 |
| Marketing Services | 60,758 | 40,106 | 29,567 |
| Total Revenues | 1,484,950 | 990,437 | 814,584 |
| Communication Services COS | 652,772 | 468,546 | 347,480 |
| Intercompany COS | 57,592 | 92,436 | 34,095 |
| Marketing Services COS | 17,613 | 20,896 | 21,266 |
| Total Cost of Sales | 727,977 | 581,878 | 402,841 |
| Communication Margin | 713,828 | 394,849 | 402,993 |
| Intercompany Margin | - | (5,500) | 449 |
| Marketing Margin | 43,145 | 19,210 | 8,301 |
| Total Margin | 756,973 | 408,559 | 411,743 |
| Selling | 189,295 | 122,834 | 101,993 |
| Other Marketing | 43,669 | 13,439 | 7,823 |
| Customer Support | 212,586 | 160,469 | 139,518 |
| Department G&A | 184,128 | 166,869 | 135,822 |
| EBITDA | 127,295 | (55,052) | 26,587 |
| Depreciation/Amortization | 67,795 | 98,115 | 85,096 |
| Operating Income | 59,500 | (153,167) | (58,509) |

NOTE: This financial statement may not include subsequent accounting entries and adjustments which have been made, pursuant to auditing reviews, in order to more accurately reflect attribution of income and expenses among the years shown, as well as certain other post-audit adjustments which appropriately fall below the operating income line.



Total Excel Cash Flow

(\$ in thousands)

OPERATING ACTIVITIES:

| | For the Twelve Months Ended December 31, 1999 (unaudited) | For the Twelve Months Ended December 31, 2000 (unaudited) | For the Twelve Months Ended December 31, 2001 (unaudited) |
|---|--|--|--|
| Net income | \$ 6,386 | \$ (197,369) | \$ (972,629) |
| Non Cash Adjustments: | | | |
| Depreciation and amortization | 67,795 | 98,115 | 85,099 |
| Unrealized gain/loss on foreign currency translation | 220 | 164 | (670) |
| Loss on disposal of assets | 194 | 37,971 | 29,410 |
| Write-off of goodwill/intangibles | - | 347 | 845,154 |
| Deferred income taxes | 45,839 | (103,725) | (39,609) |
| Long term asset amortization | - | 130 | 818 |
| Income taxes payable/receivable | (22,248) | 42,299 | (3,935) |
| Non Cash Interest Payable on Intercompany Debt (YTD interest) | (36) | 68,698 | 36,498 |
| Other non-cash adjustments to net income | - | (1,628) | (896) |
| Net Income + Non Cash Adjustments | 98,150 | (54,998) | (20,760) |
| Changes in Assets and Liabilities: | | | |
| Accounts receivable, net | 17,440 | 115,580 | 10,996 |
| Accounts payable & Accrued liabilities | (49,676) | (18,307) | (39,278) |
| Commissions payable | (3,846) | 1,967 | (7,562) |
| Deferred revenue & other | (3,465) | (4,787) | (572) |
| Inventories and other | (6,937) | (1,188) | 4,505 |
| Change in Working Capital | (46,484) | 93,265 | (31,911) |
| Net Cash Generated (Used) in Operating Activities | 51,666 | 38,267 | (52,671) |

INVESTING ACTIVITIES:

| | | | |
|---|-----------|-----------|----------|
| Proceeds from sale of assets | - | 3,757 | 880 |
| Purchase of property and equipment | (167,704) | (121,665) | (43,672) |
| Purchase of franchise agreement | - | (3,360) | (850) |
| Change in other long term assets | (2,850) | (4,677) | (1,919) |
| Net Cash Generated (Used) in Investing Activities | (170,554) | (125,945) | (45,561) |

FREE CASH FLOW

(118,888) (87,678) (98,232)

FINANCING ACTIVITIES:

| | | | |
|---|--------|---------|----------|
| Payments of capital lease obligations | (641) | (2,417) | (4,817) |
| Proceeds from equity contributions - Teleglobe | - | 25,476 | 66,214 |
| Proceeds/(Payments) of intercompany debt | 87,353 | 91,086 | 85,682 |
| Interest payable on intercompany debt (prior year) | - | - | (53,058) |
| Net cash provided by (used in) financing activities | 86,712 | 114,145 | 94,021 |

Net Increase/(Decrease) in Cash

(32,176) 26,467 (4,211)

CASH, beginning of period

9,905 (24,216) 2,251

CASH, end of period

\$ (22,271) \$ 2,251 \$ (1,960)



Total Excel Balance Sheet

(\$ in thousands)

ASSETS

Current Assets:

Cash and cash equivalents
Accounts receivable, net
Income taxes receivable
Inventories
Deferred income tax asset
Other current assets

Total Current Assets

Property and equipment, net
Goodwill, net
Other assets

Total Assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable
Commissions payable
Intercompany Payable
Intercompany interest payable
Accrued liabilities
Deferred revenue and other
Current portion of long-term debt

Total Current Liabilities

Intercompany long-term debt
Other Long Term Liabilities
Capital lease obligations
Long-term notes payable
Deferred income taxes payable

STOCKHOLDERS' EQUITY:

Paid-in capital
Unrealized gain (loss) on translation
Retained earnings

Total Stockholders' Equity

| | December 31, 1999 (unaudited) | December 31, 2000 (unaudited) | December 31, 2001 (unaudited) |
|----|----------------------------------|----------------------------------|----------------------------------|
| \$ | (22,271) | \$ 2,251 | \$ (1,960) |
| | 226,767 | 126,325 | 111,388 |
| | 49,395 | 7,106 | 11,041 |
| | 1,538 | 4,367 | 1,613 |
| | 41,680 | 43,497 | 38,474 |
| | 13,810 | 11,836 | 6,584 |
| | <u>310,919</u> | <u>195,382</u> | <u>167,140</u> |
| | 502,335 | 515,424 | 459,372 |
| | 851,281 | 850,813 | - |
| | 37,075 | 47,404 | 61,753 |
| \$ | <u>1,701,610</u> | <u>\$ 1,609,023</u> | <u>\$ 688,265</u> |
| \$ | 51,528 | \$ 58,437 | \$ 35,543 |
| | 11,030 | 12,997 | 5,435 |
| | 57,670 | 85,858 | 12,266 |
| | 737 | 68,817 | - |
| | 115,910 | 87,470 | 63,023 |
| | 5,300 | 375 | 2,450 |
| | 793 | 3,642 | 3,670 |
| \$ | <u>242,968</u> | <u>\$ 317,596</u> | <u>\$ 122,387</u> |
| | 620,000 | 620,000 | - |
| | - | - | - |
| | 787 | 8,419 | 7,399 |
| | - | - | 15,935 |
| | 42,226 | (37,529) | (80,746) |
| | 555,607 | 581,093 | 1,477,579 |
| | 263 | 427 | (677) |
| | 239,759 | 119,017 | (853,612) |
| | <u>795,629</u> | <u>700,537</u> | <u>623,290</u> |
| \$ | <u>1,701,610</u> | <u>\$ 1,609,023</u> | <u>\$ 688,265</u> |

ATTACHMENT E

PROCEEDINGS

Excel has a strong commitment to observing the highest standards of customer service as well as to bringing competitive choice to the residential marketplace.

As in any business, customer issues of various types arise in the normal course of operations. An important measure of customer satisfaction in such situations is the Company's responsiveness in promptly resolving such issues. Each of the approximately 400 customer service associates staffing the Company's two state-of-the-art call centers receives approximately 100 hours of training annually in customer care and provisioning standards. This training is designed to promote long term relationships with Excel customers as well as timely resolution of customer problems. Excel has a "First Call Resolution" standard to ensure that consumers have their questions answered and/or problems resolved with one call. Moreover, since its inception, Excel has given new long distance customers a 90-day guarantee, during which Excel will pay for a customer's switch-back to his/her previous company with no questions asked.

Other steps that Excel has taken to guarantee consumer satisfaction include the development of a specialized group within the customer service department whose sole function is to deal with reported problems of service-not-requested, claims of slamming, and other issues quickly and efficiently. This group ensures that the consumer is satisfied and that any appropriate credits/adjustments are made. Finally, and perhaps most importantly, serving as the "first line" of consumer satisfaction are Excel's Independent Representatives ("IRs"). The IRs are encouraged to build ongoing relationships with their customers to ensure satisfaction with Excel's services and products on a continuing basis. Further, Excel has undertaken to provide training to its IRs with respect to Excel's strict Zero Tolerance Policy and business ethics. Excel will terminate its relationship with any IR who is found to have engaged in illegal or improper conduct, specifically with regards to slamming.

Beyond the Company's proactive steps to ensure that its customers are satisfied with its services and products, Excel has been praised for its forthrightness in keeping regulatory agencies

informed when consumer issues do arise. It deserves mention that regulatory commissions have noted the steps Excel has taken to advance the accuracy of the customer provisioning process and, in one case, took the extraordinary step of recognizing that Excel's consumer care safeguards effectively set an industry standard.

The Company periodically reviews the FCC and state approved means to effect consumer carrier changes and has been utilizing a nationwide independent third party verification ("TPV") system over the last couple of years. This TPV system allows for verification of all residential primary interexchange carrier ("PIC") changes. Excel will continue to innovate its systems to provide consumers with efficiency, convenience, and accuracy in carrying out the consumer's choice in carrier.

Notwithstanding its best efforts in customer service and satisfaction, and, as is the case for many carriers of Excel's size and comparably long history of operations, Excel has from time to time been the subject of informal commission inquiries or even formal proceedings. In response to the Commission's request a summary of proceedings is provided. Because each state commission applies its own rules and standards to treat, handle and classify consumer complaints, we have looked to a factor for categorizing these issues that would be common across all states—regulatory complaints that have been resolved by issuing an order dismissing an action or approving a settlement. Accordingly, the attached summary of regulatory actions also serves as a summary of the Applicant's complaint history in other states.

The following list identifies and summarizes regulatory proceedings, except for informal consumer complaints or referrals, of which Excel Telecommunications, Inc. has been the subject in recent years. We discuss proceedings in which Excel Telecommunications, Inc. has been the subject that are currently pending.

6. Florida Attorney General, Subpoena issued December 9, 1999. The Florida Attorney General issued a subpoena requesting certain information from the Company. Excel met with members of the Attorney General's office on the matter and delivered information covered by the subpoena. This matter has been inactive since May 2000.
11. Louisiana Public Service Commission, P.O. Box 91154, Baton Rouge, Louisiana, 70821-9154; Docket No. U-24873. (Opened May 1, 2000) This action arises out of one consumer slamming complaint. Excel has reached a settlement with Commission staff; dismissal of the action is pending.
28. Wisconsin Department of Agriculture, Trade and Consumer Protection, 2811 Agriculture Drive, Madison, WI 53718. This matter arose out of a single consumer complaint. The Consumer objected to paying Excel's tariffed long distance charges for adult entertainment calls the Customer claims he did not make. Excel does not bill for adult entertainment calls. The Department issued a civil investigative request for information to Excel on August 2, 2001, supplemented on September 4, 2001. Having responded to requests, Excel continues to cooperate to resolve this matter.
32. North Carolina Utilities Commission, 430 North Salisbury Street, Dobbs Building, Raleigh, NC 27603-5918. (Opened November 29, 2001). This complaint is currently pending at the North Carolina Public Utilities Commission. It was brought by a consumer for non-release of an 800 number based upon a billing issue. In its response, the Company agreed to release the number and crediting the customer's account. No formal proceeding schedule has been set as of the date of this filing.
33. Tennessee Attorney General, P. O. Box 20207, Nashville, TN 37202-0207. (Opened November 30, 2001). The Tennessee Attorney General opened an investigation into Excel Communications, Inc. d/b/a Excel Wireless concerning the collection of "911" surcharges. This investigation is ongoing and Excel is cooperating with the requests of the Attorney General.

ATTACHMENT F

PENDING LITIGATION

PENDING LITIGATION

As is expected in the normal course of business, claims and lawsuits arise from time to time. These matters may range from small claims matters to complex litigation involving higher amounts in controversy.

The information supplied below concerns pending litigation or overtly threatened litigation where the amount in controversy exceeds \$250,000. Excluded are matters, which, over the past three years, have remained largely inactive.

1. Paul A. Dumas v. Excel Communications, Inc., 134th Judicial District, Dallas, Texas. Breach of alleged contract. The Company's Answer and Counterclaim was filed May 22, 2001. Discovery is ongoing. Plaintiff has estimated his damages to be approximately \$230,000.00. Attorneys' fees are also sought.
2. Thomas W. Frentz, Trustee v. Excel Telecommunications, Inc., Excel Communications, Inc. and BCE Inc., U.S. District Court, Western District of Kentucky, filed on June 15, 2001. Matter concerns alleged for breach of contract with Michael and Kimberly Rednour. The Bankruptcy Trustee for the Rednours sued for unpaid commissions in amounts in excess of \$300,000.00. The Company filed a Motion to Dismiss or Stay and to Compel Arbitration.
3. John Gergen, Alice Gergen, John Gergen, Inc., and Dial One, Inc., v. Excel Telecommunications, Inc. et al., filed on January 30, 2001 in the 116th Judicial District Court, Dallas County, Texas. Alleged Breach of Contract, Intentional Interference with Contract, Intentional Interference with Prospective Economic Opportunity, Defamation, Misrepresentation and Conspiracy.

Two related lawsuits have also been filed by Gergen's attorney. Eileen McGinn v. Excel Telecommunications, Inc., Excel Telecommunications (Canada) Inc., et al., was filed in the 116th Judicial District Court, Dallas County, Texas on March 28, 2001, and the Company accepted service on April 26, 2001. Martin Askew and Stephen Lawn v. Excel Telecommunications, Inc., Excel Telecommunications (Canada) Inc., et al. was filed in the 101st Judicial District Court, Dallas County, Texas on June 5, 2001.

Punitive/exemplary damages sought in all three suits total U.S. \$110,000,000.00.

4. State of Kentucky Taxation Matter: The State of Kentucky has asserted that the Company owes state property taxes for years 1994 through 2000 which the Company is protesting. For the tax years 1994 and 1995 the Company has been assessed taxes totaling \$ 90,688.50. The Company is engaged in protest proceedings against the Revenue Cabinet, Commonwealth of Kentucky at the Board of Tax Appeals for the 1994 and 1995 valuations. The Kentucky Board of Tax Appeals ruled in favor of the Revenue Cabinet on May 10, 2001 and established valuations, and confirmed the taxes assessed, for 1994 and 1995. The Company has filed an appeal with the Kentucky Circuit Court. If the ruling of the Board is ultimately upheld, the Company's liability would also include taxes through 2000.
5. MCI WorldCom Network Services, Inc. v. Excel Telecommunications, Inc. Filed in United States District Court, Northern District of Oklahoma on October 19, 2001. This action arises out of WorldCom's provision of network services to the Company under two separate agreements. During the period 1996 through 2000, WorldCom provided the services and billed Excel under the two agreements. Disputes arose between the companies as the Company was completing its migration off of WorldCom's network. WorldCom's action for breach of contract seeks damages in the aggregate amount of \$1.8 million. The Company has answered and filed a counterclaim alleging that the Company was overcharged in an unspecified amount, and has requested that a portion of the action be stayed in favor of arbitration.
6. Phillip Wells v. Excel Communications, Inc. This Demand for Arbitration was filed with the AAA in Dallas, Texas, on June 18, 2001. In his Demand, Wells alleges breach of contract, fraud, and interference with contract, and seeks money damages and lost profits in excess of \$5 Million. The Company filed an Answer and Counterclaim on August 6, 2001. The Wells Group, Inc. v. Excel Telecommunications, Inc. and Excel Communications Marketing, Inc., was filed in the Circuit Court of Pulaski County, Arkansas. In this complaint, Plaintiff alleges damages in excess of \$1 Million. Phillip Wells is allegedly the owner and president of the Wells Group, Inc. The Company's Motion to Stay and Original Answer was filed February 1, 2002.

ATTACHMENT G

CURRENT AUTHORITY

Excel Telecommunications, Inc.
Current Authority

(as of December 27, 2001)

Federal

Section 214 authority: File No. ITC-93-145

Interexchange
All fifty states

Local Exchange

Connecticut (Resale only)
Florida (ALEC)
Illinois (Resale only)
Indiana (Resale only)
Kansas (Resale only)
Kentucky (Resale only)
Louisiana
Maryland (Resale only)
Massachusetts
Michigan
Minnesota (Resale only)
Mississippi (Resale only)
Missouri
Montana (Resale only)
Nebraska (Resale only)
Nevada (Basic)

North Carolina (CLP)
North Dakota (Resale only)
Ohio (Resale only)
Oklahoma
Oregon (Resale only)
Rhode Island (CSR)
South Dakota (Resale only)
Tennessee (Resale only)
Texas
Utah (Resale only)
Vermont
Virginia (Resale only)
Washington (Resale only)
West Virginia (Resale only)
Wisconsin (Resale only)
Wyoming (Resale only)

Unless otherwise indicated (ie., Resale only), Excel has full local exchange authority.